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SENATE
FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE

Thursday, 4 April 2019

Prime Minister and Cabinet Portfolio

In Attendance

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

Outcome 1

Overview

Ms Stephanie Foster PSM, Deputy Secretary, Governance Group
Dr David Gruen, Deputy Secretary, Economic Group and G20 Sherpa
Mr David Williamson, Deputy Secretary, Australian Public Service Review Taskforce
Mr Simon Duggan, Deputy Secretary, Industry and Jobs Group
Ms Caroline Millar, Deputy Secretary, National Security Group
Dr Roslyn Baxter, Acting Deputy Secretary, Social Policy Group

APS Review Taskforce
Mr David Williamson, Deputy Secretary, Australian Public Service Review Taskforce

Corporate Division
Ms Charlotte Tressler, First Assistant Secretary, Corporate Division

Drought Taskforce
Ms Sachi Wimmer, First Assistant Secretary, Joint Agency Drought Taskforce
Mr Neil Williams, Assistant Secretary, Joint Agency Drought Taskforce

Economic Division
Mr Brenton Goldsworthy, First Assistant Secretary, Economic Division
Mr Rob Reilly, Acting Executive Director, Office of Best Practice Regulation

Government Division
Mr John Reid, First Assistant Secretary, Government Division
Ms Celeste Moran, Assistant Secretary, Legal Services Branch
Mr Peter Rush, Assistant Secretary, Parliamentary and Government Branch

Protocol and International Visits Division
Mr Mark Fraser, First Assistant Secretary, Protocol and International Visits Division
Ms Alison Green, Assistant Secretary, Protocol and International Visits Branch

Ministerial Support Division
Mr Gerard Martin, First Assistant Secretary, Ministerial Support Division
Mr Brendan MacDowell, Assistant Secretary, Ministerial and Parliamentary Support Branch

Cabinet Division
Ms Yael Cass, First Assistant Secretary, Cabinet Division
Ms Megan Edwards, Assistant Secretary, Strategic Coordination and Implementation Taskforce Branch
Ms Rebekka Wheate, Acting Assistant Secretary, National Security and Cabinet Systems Branch
Ms Michele Graham, Assistant Secretary, Cabinet Secretariat Branch

**Industry, Infrastructure and Environment Division**
Ms Helen Wilson, First Assistant Secretary, Industry, Infrastructure and Environment Division
Ms Paula Stagg, Assistant Secretary, Environment Energy and Climate Change Branch

**International Division**
Mr Justin Hayhurst, First Assistant Secretary, International Division

**National Security Division**
Mr Jason Blain, Acting First Assistant Secretary, National Security Division
Mr Trevor Jones, Assistant Secretary, Home Affairs Branch

**Policy Innovation and Projects Division**
Ms Katrina Di Marco, Acting First Assistant Secretary, Policy Innovation and Projects Division
Mr Andrew Lalor, Assistant Secretary, Data and Digital Branch
Mr Simon Gordon, Acting Managing Director, Behavioural and Economics Team of Australia

**Social Policy Division**
Ms Tara Oliver, Acting First Assistant Secretary, Social Policy Division
Ms Kathryn Mandla, Head of National Office for Children Safety

**Vocational Education and Training Review**
Ms Rachel Lloyd, Assistant Secretary, Vocational Education and Training Review Taskforce

**North Queensland Livestock Industry Recovery Agency**
Mr Nico Padovan, First Assistant Secretary
Mr Brad Cook, Assistant Secretary, Corporate Branch
Mr Colin Hunter, Assistant Secretary, Strategy and Policy Branch
Ms Trish Johnston, Assistant Secretary, Communications and Engagement Branch

**Office for Women**
Ms Trish Bergin, First Assistant Secretary
Ms Rachel Livingston, Assistant Secretary
Ms Esther Bogaart, Assistant Secretary

**Workplace Gender Equality Agency**
Ms Libby Lyons, Agency Head
Ms Janin Bredehoeft, Executive Manager Research and Analytics
CHAIR (Senator Paterson): I declare open this meeting of the Senate Finance and Public Administration Legislation Committee. Today the committee will begin its examination of the budget estimates for the 2019-20 budget year for the parliamentary departments, the Prime Minister and Cabinet portfolio, the Finance portfolio and the cross-portfolio Indigenous matters. 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 return of responses to questions taken on notice. I am advised that officers should be aware that this date still has effect notwithstanding a potential prorogation of the parliament. The committee's proceedings will begin today with an examination of the Prime Minister and Cabinet portfolio, then the Finance portfolio and conclude with cross-portfolio Indigenous matters. The committee will proceed through the agencies as listed on the program. I also note that the committee will move between the Prime Minister and Cabinet and Finance portfolios throughout the day. The committee has scheduled hearings for Monday 8, Tuesday 9 and Friday 12 April.

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 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 for questions at estimates hearings:

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

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. 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 the process by which a claim of public interest immunity should be raised, which will be incorporated in Hansard.

The extract read as follows—

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE
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.

Before I welcome the Department of the Prime Minister and Cabinet, I just want to note that we have a very busy program today and it will be quite a challenge to get through all of it, so I am relying on the cooperation and goodwill of all senators to make sure we get through the program in a timely way, because, if we don't get through the program in a timely way then we will just miss out on asking questions to agencies which have been invited to appear by senators, and I am sure that will be of great disappointment to senators.

Department of the Prime Minister and Cabinet

[09:04]

CHAIR: I welcome the Minister for Finance and the Public Service, Senator the Hon Matthias Cormann, representing the Prime Minister, and officers of the Department of the Prime Minister and Cabinet, and note that the committee will be examining outcome 1.

Minister, do you wish to make an opening statement?

Senator Cormann: No.

CHAIR: Ms Foster, do you want to make an opening statement?

Ms Foster: No, I don't. There have been no changes to our executive line-up since the last estimates.

Senator WONG: I want to go to the energy assistance payment budget measure and just ask some questions about the sequence of decision-making around that and PM&C's involvement. Remind me, Ms Foster: the process of budget decisions, I assume, is ERC consideration of many matters, submissions from ministers et cetera, decisions in the cabinet subcommittee—sorry, is it the cabinet division? What do you call yourselves?

Ms Foster: Cabinet division.

Senator WONG: It is division. I still can't remember which is at which level, but anyway: cabinet division is responsible for administering that process, meetings, minutes of decisions and so forth, correct?

Ms Foster: That's correct.

Senator WONG: And the logic is also that the ERC as a subcommittee of cabinet then ticks off on the decisions that the ERC has made, correct?

Ms Foster: That is the process.

Senator WONG: This was a slightly odd time frame for budgets, because the government made a decision to pull the budget forward. Can you tell me how that truncated time frame affected the decision process that I've just described for the budget?

Dr Baxter: The measure that you are referring to—
Senator Wong: Why are you answering my question? I was telling you where I was going—which I probably shouldn't have, because it was self-evident—but I was actually asking a question that should be answered by cabinet division, not social policy.

Ms Foster: I will ask Dr Gruen, who manages the budget on our behalf, to answer.

Senator Wong: I will come to you, Ms Baxter, about the nature of the measure and so forth.

Dr Gruen: You are asking about the process for ERC?

Senator Wong: For this budget. When did that budget process start? When were budget bids sought? When were ERC meetings?

Dr Gruen: I don't have the exact dates but we can get them for you from the cabinet division.

Senator Cormann: But it was broadly consistent with the usual. The letters would have gone out towards the end of last year, and the proper meetings for this budget process would have started towards the end of January. As you quite rightly point out, it was a more truncated process on the basis that, given the election had to take place by the end of May, we needed to have the budget earlier than usual. In fact, it is a bit more than a month earlier, so it was a more truncated process. Let me say that, from where I sit, I think it worked exceptionally well. It meant we had to work through the whole process a bit faster than usual, but it worked very well.

Senator Wong: Self-praise is no praise, I always tell my daughters, but anyway—maybe that is a bit hard; I shouldn't be so harsh.

Dr Gruen: Are you after the exact dates for ERCs?

Senator Wong: How many ERCs were there?

Dr Gruen: Again I don't know the exact number but we can get it for you. We were having ERCs once or twice a week for a long time. As Senator Cormann said, the process was brought forward by about a month, but the process was very similar to a normal budget, just earlier.

Senator Cormann: Hours and hours in rooms without windows.

Senator Wong: I am well familiar with it.

Senator Cormann: Indeed.

Senator Wong: I want to just confirm that ERC decisions were also then ticked off by the whole cabinet.

Dr Gruen: Yes.

Senator Wong: When did that meeting occur?

Senator Cormann: In the usual way.

Dr Gruen: They happen along the way. When ERC meets, it makes decisions and those decisions are validated by the full cabinet.

Senator Wong: Can I now go to the energy assistance payment.

Dr Gruen: Do you wish us to find out for you exact dates of ERCs?

Senator Wong: Yes, please. I would like dates of ERCs and dates of—
Senator Cormann: Dr Gruen, we don't ask questions.
Senator WONG: If he is going to jack up about providing them—is that what you are doing?
Senator Cormann: No, I just reminded him that we are answering questions, not asking questions.
Senator WONG: He was being polite. I had flagged it, but I am tired and have a sore throat, so I forgot to ask the question. I think Dr Gruen knows. I would also like to get a sequence of ERC and cabinet process dates. Can you tell me—Ms Baxter, wasn't it?
Dr Baxter: Dr Baxter.
Senator WONG: I apologise—everybody's a doctor. How did this energy assistance payment come into the ERC process? Was this an idea from PM&C, Finance or one of the departments?
Dr Baxter: I am not aware of the genesis of the proposal.
Senator WONG: How did you become aware of it?
Dr Baxter: We became aware of it through a letter from Minister Fletcher.
Senator WONG: What was the date of that letter?
Dr Baxter: 2 April.
Senator Cormann: I think we are at cross-purposes here. You are answering what you think Senator Wong is asking. Senator Wong is asking about the original budget proposal.
Senator WONG: I'm getting there. You are anticipating where I am going, which is probably not surprising, but I am actually trying to get to how it got into BP2.
Senator Cormann: As part of the normal budget process.
Senator WONG: I understand that, but when did PM&C become aware of this measure proposal?
Dr Baxter: I will have to take on notice when PM&C were notified.
Senator WONG: Really?
Senator Cormann: There are a lot of measures in the budget. You are asking about a specific measure.
Senator WONG: Yes, but she's social policy. It is a pretty small BP2, mate—
Senator Cormann: We had weeks and weeks of—
CHAIR: Order, Minister. Very briefly: it's 11 minutes past nine. Let's start on a good note. As we aim to continue, please, let's not speak over each other.
Senator WONG: If he lets them answer questions, that might be useful.
Senator Cormann: You know how this process works. Ministers put forward proposals. Lots of measures are considered. Many of them don't proceed. The ones that do proceed make it into budget paper 2.
Senator WONG: Does anybody who works for you know, Dr Baxter? PM&C is a very professional department. Someone who works in your area will be able to tell me where this idea first came from.
Dr Baxter: Yes, I can check that for you.

Senator WONG: I will wait until they come to the table, please.

Dr Gruen: We're just getting someone to find the date for you.

Senator WONG: Is this a policy proposal brought forward by PM&C at the request of the Prime Minister?

Dr Gruen: We will find that out for you as well.

Senator Cormann: We have to take that question on notice to make sure the answer provided is accurate.

Senator WONG: Was this request brought forward by ministers or was it generated from the department?

Senator Cormann: It was part of the budget process and I will get precise date on notice.

Senator WONG: You can't remember?

Senator Cormann: I honestly can't remember.

Senator WONG: People have gone out of the room now, after much whispering. What are we doing?

Dr Baxter: We are just going to check when we became aware of the initial energy assistance payment measure. Can I clarify: you are referring to the proposal to extend the energy assistance payment?

Senator WONG: No.

Senator Cormann: The original.

Senator WONG: Sorry, Dr Baxter; I thought I made that clear. I like to do things in order.

Dr Baxter: We are getting that for you. Sorry, it may take us a few minutes—take it on notice?

Senator Cormann: I'd take it on notice.

Senator WONG: You can't just tell her to take it on notice.

Senator Cormann: No, I have taken it on notice on behalf of the government, as I'm absolutely entitled to do.

Senator WONG: I'm unsurprised.

Senator Cormann: The budget process is a cabinet-in-confidence process. It has been ever such, including under your government.

Senator WONG: When did you decide to put it into BP2?

Senator Cormann: It was published in the budget. I can't remember when the precise decision was made, but I can say to you that it was part of the budget delivered by the Treasurer on 2 April, and the decision to include it in the budget was made as part of the budget process.

Senator WONG: The original measure was limited in terms of who received it and didn't include a whole range of allowances and government payments—Abstudy, Austudy, double orphan pension, Newstart allowance, parenting payment partnered, partner allowance, sickness allowance, special benefit, widow allowance, wife pension, youth allowance and veteran payment. So, Australians who receive any of those were excluded from this payment...
by the original decision as published in the budget on 2 April. Dr Baxter or Dr Gruen, are you able to tell me why those people were excluded?

Senator Cormann: You're asking them for an opinion now.

Senator Wong: No. What was the reason the government had—that's not an opinion—for excluding those payments?

Senator Cormann: That goes to cabinet deliberations. That goes to deliberations of the cabinet and the budget process, which is not something that is discussed in Senate estimates, as you know very well, Senator Wong, as a former minister for finance.

Senator Wong: No. I'm giving you an opportunity—

Senator Cormann: You can ask me questions.

Senator Wong: If you can let me ask the question—we'll get to the change in this position. The government printed a budget paper that excluded these Australians from receiving the energy supplement. I am asking a very simple question, which is: what was the rationale for their exclusion?

Senator Cormann: The government has stated publicly what the rationale was.

Senator Wong: You tell me what it was.

Senator Cormann: I can tell you what the rationale was. We made a judgement about what we believed was affordable in the context of the 2018-19 budget when it comes to providing cost-of-living pressure relief to, in particular and specifically, aged pensioners and all of the eligible welfare recipients mentioned in the measure, like those in receipt of carer payment, disability support pension, parenting payment single, veterans' service pension and the veterans' income support supplement, veterans' disability payments, war widow(er)s pension and permanent impairment payments under the Military Rehabilitation and Compensation Act 2004, including dependant partners, and the Safety, Rehabilitation and Compensation Act 1988. That was the judgement we made.

Subsequently, because we were very keen to ensure that this measure was legislated through the parliament before the end of this sitting week and because we wanted all of those recipients to be able to have that additional energy assistance payment this financial year, in order to facilitate the efficient passage of this measure through the parliament, we made the decision to expand its scope at a cost of about $80 million over the forward estimates. All of these processes went through the ordinary processes of decision-making—

Senator Wong: Come on! There's nothing ordinary about changing the budget on budget day.

Senator Cormann: Well, there's nothing—

Senator Wong: You held an ERC after you handed down the budget. That's not ordinary.

Senator Cormann: Let me tell you this: we are in the circumstance where this budget week is the final week before an election. If we wanted to pass this legislation through the parliament this week, as we did, then obviously the normal decisions that we make to facilitate passage of legislation through parliament—

Senator Wong: This is not a normal decision, Senator Cormann.
Senator Cormann: had to happen during this week, and that's what we did, pragmatically, as we always do—

Senator WONG: It's not a normal decision—

Senator Cormann: when we seek to secure passage of legislation.

Senator WONG: Okay. Let us go to process. I mean, black is white and white is black. Unbelievable. Normal process. I've never seen a government print a budget in the morning and change it by the evening. I've never seen that before, but anyway. Dr Baxter, I'm now going to ask you the series of questions that you were keen to answer previously. When did you become aware of the change in the measure?

Dr Baxter: As I mentioned before, on 2 April.

Senator WONG: The day of the budget?

Dr Baxter: That's correct, yes.

Senator WONG: How did you become aware?

Dr Baxter: There was a letter from Minister Fletcher.

Senator WONG: Can I have a copy of that letter, please?

Senator Cormann: That is obviously part of cabinet deliberative processes.

Senator WONG: Okay. When did you get that letter—morning, afternoon, evening?

Dr Baxter: I'd have to check, but I understand—

Senator WONG: Was it dark yet?

Dr Baxter: It was in the afternoon.

Senator WONG: In the afternoon?

Dr Baxter: In the evening—it was in the evening.

Senator WONG: Thank you. Dr Gruen, when did you become aware of the change in position?

Dr Gruen: I became aware of the change in position on the morning of the 3rd.

Senator WONG: Wow. How did you become aware?

Dr Gruen: The Treasurer made a statement on media, and I heard that statement.

Senator WONG: Is this the interview with Sabra Lane?

Dr Gruen: It was reported to me rather than—

Senator WONG: Sure.

Dr Gruen: It was reported to me.

Senator WONG: Dr Baxter, prior to the letter from Minister Fletcher which you received budget evening, were you aware at all that the government was considering the extension of this?

Dr Baxter: Only in the sense that we had had advice that the letter was coming over to us, just through our internal correspondence areas within PM&C.

Senator WONG: Okay. But that's a slight change in evidence, Dr Baxter. You knew that the letter was coming before it came?
Dr Baxter: We understood there was a letter, and then we received the letter more or less contemporaneously. ‘A letter is coming,’ and then we received a copy of the letter.

Senator WONG: Prior to discussion about the receipt of the letter, you, as acting deputy secretary of social policy in Mr Morrison's department, were not aware the government was thinking of changing a budget measure in relation to the energy assistance payment?

Dr Baxter: That's correct.

Senator WONG: Was there an ERC on budget day?

Dr Gruen: No.

Senator WONG: Which cabinet subcommittee made the decision to change a measure in the budget?

Senator Cormann: This is a measure that was subject to legislation going to parliament that evening, and using the usual processes within government—

Senator WONG: There's nothing usual about this process.

Senator Cormann: Using the usual processes, which I have used on many occasions—

Senator WONG: There is nothing usual about this process. It is absolute chaos.

Senator Cormann: to adjust legislation in order to facilitate the efficient passage through the parliament—that is what we did on this occasion. As you would be very well aware, in order to be able to amend legislation you require the appropriate policy authority from the Prime Minister. Having gone through the relevant processes leading into that, including the costings processes and the like, all of these things were done through the relevant departments. I'm sure you'll be able to pursue this further with the Department of Finance and the Department of Social Services. Essentially, once a judgement was made—and this is a matter of public record between the Prime Minister, the Treasurer and myself—that, yes, it was desirable for us to do this in order to facilitate the timely passage of this legislation through the parliament this week, in particular to ensure that age pensioners would get this cost-of-living pressure relief this financial year, all of the ordinary processes for policy authority and amendments to the legislation that were then subsequently introduced were made.

Senator WONG: Just to confirm: budget measures change when the ink is barely dry on a budget paper on the same day of the budget, and the decision to change the budget measure is not taken to any cabinet subcommittee—

Senator Cormann: The budget measure was changed in the context of legislation through parliament—

Senator WONG: On budget day—correct?

Senator Cormann: in order to facilitate—

Senator WONG: On budget day. You changed the budget on budget day.

Senator Cormann: It was changed on—

Senator WONG: Senator Cormann, can you at least concede that you changed it on budget day—is that not correct?

Senator Cormann: We changed it during the last sitting week before an election in order to facilitate the timely passage of this—will you concede that it was the last sitting week
before an election, and that if we wanted to pass it this week we had to make certain
decisions to facilitate that?

Senator WONG: Okay. When was this meeting?
Senator Cormann: We had a meeting sometime on Tuesday evening.
Senator WONG: Evening?
Senator Cormann: Yes.
Senator WONG: Was that before or after Mr Fletcher's letter went to the department?
Senator Cormann: We had a discussion early evening and a further discussion late
evening.
Senator WONG: When was Mr Fletcher asked to send the letter?
Senator Cormann: I'm unaware of the timing of the processes. I'd have to take that on
notice. What I do know is that all of the ordinary processes—
Senator WONG: Can you stop saying that? It undermines your credibility, Senator
Cormann.
Senator Cormann: to adjust policy measures that are about to be legislated were followed
in the normal and ordinary course of events.
Senator WONG: I get this is a chaotic process on the run—
Senator Cormann: It was very calm, very methodical and very careful.
Senator WONG: that you have to try and justify, but every time you say 'ordinary
process' it really chips away at your credibility. No-one believes it is an ordinary
process.
Senator Cormann: The thing is, Senator Wong, because I've been doing this, legislating
business, for a number of years now, I guess for me it is quite ordinary that when you have a
piece of legislation going into the parliament, with an objective of passing it swiftly through
the parliament, you do need to make judgements on what adjustments you might need to
make in order to facilitate speedy passage. That is something that I do and that we do week-in
week-out, as you know.
Senator WONG: Senator Cormann, why didn't you think of it before?
Senator Cormann: Because obviously we didn't have all of the intelligence on what
might be required to facilitate speedy passage through the parliament until such time as the
measure was in the public domain.
Senator WONG: Seriously? Did you not think: 'Well, we've excluded Newstart. There's
been a big campaign, including from the BCA and ACOSS, about the rate of Newstart. It's
probably a real slap in the face to Newstart and other allowance recipients to not give them
even this small amount of assistance with energy bills. This might be a political problem for
us.' Did no-one think of that?
Senator Cormann: Our judgements are on the public record. The best thing that we've
done for Newstart recipients is strengthening the economy, creating more than 1.2 million
new jobs.
Senator WONG: You didn't answer the question.
Senator Cormann: The best thing that we have done for Newstart recipients is to give them a better opportunity to get a job. If you look at the proportion of Australians of working age on welfare under our government, it is the lowest it's been in 30 years. That is the amazing outcome for people who otherwise would have continued to be on Newstart allowance but now are actually making a living by earning a wage.

Senator Wong: You didn't answer my question. You gave us a long lecture about jobs—

Senator Cormann: I did answer your question. The judgement that we've made is on the public record.

Senator Wong: Senator Cormann, I asked whether or not you or anyone in the government turned your mind to not only the fairness problems but the political problems with not including Newstart recipients prior to budget day.

Senator Cormann: We made a judgement on the initial design of the measure, and we subsequently adjusted the design in order to facilitate speedy passage through the parliament.

Senator Wong: You said there were two meetings where this was discussed—is that correct?

Senator Cormann: I was involved in two discussions; one in the early evening and one later in the evening.

Senator Wong: Who was the early evening discussion with?

Senator Cormann: The Prime Minister and the Treasurer.

Senator Wong: At whose request was that meeting?

Senator Cormann: We were meeting. On budget day—it might surprise you, but the Prime Minister, the Treasurer and the finance minister—

Senator Wong: Please don't patronise me.

Senator Cormann: I'm not meaning to. You asked me at whose request. I said we were meeting. We were already meeting.

Senator Wong: I'm just wanting to know: was the meeting called for the purposes of discussing this measure?

Senator Cormann: We were already meeting, and one of the items that we discussed was this one.

Senator Wong: Whose idea was it to extend the measure?

Senator Cormann: We had a conversation, and it was focused on—I can't remember who made the initial suggestion.

Senator Wong: Where was the meeting?

Senator Cormann: There was a consensus that we needed to ensure that we could facilitate speedy passage through the parliament.

Senator Wong: Where was the meeting?

Senator Cormann: In the cabinet suite.

Senator Wong: Were there any note takers present?

Senator Cormann: I've got to refresh my memory as to who was present.
**Senator WONG:** Can someone from cabinet division tell me? Was that a meeting at which note takers were present from cabinet division?

**Senator Cormann:** I've taken that on notice.

**Senator WONG:** That's not fair. Ms Foster, I am pressing that. It is a meeting that occurred two days ago. I am entitled to ask if officers from your department were present. It is not reasonable to take that on notice.

**Senator Cormann:** I have been in lots of meetings.

**CHAIR:** Order! Senator Wong, as you well know, any question can be taken on notice by the minister.

**Senator WONG:** Ms Foster, I would ask you in the break to ask Dr Parkinson to answer that question. It is an entirely reasonable question. I am entitled to put this. You cannot cut me off asking a question.

**CHAIR:** Order! Senator Wong. I'm just trying to ensure this is orderly. You cannot go around the minister and put questions to your preferred officers.

**Senator WONG:** I'm asking the secretary of PM&C, consistent with the letter he previously wrote this committee, to provide evidence to the estimates committee about whether a PM&C note taker was present at the meeting to which the minister referred to.

**CHAIR:** And the question has been taken on notice.

**Senator WONG:** I am pressing Ms Foster. I want it very clear: I am pressing that with Dr Parkinson.

**CHAIR:** Order! Senator Wong, It is not up to you to press an individual officer at the table.

**Senator WONG:** It is inappropriate.

**CHAIR:** What is inappropriate, Senator Wong, is for you to press an individual officer at the table when the question has been taken on notice by a minister.

**Senator WONG:** I am doing so, and I will come back to it. It is partisan to ask an officer not to—

**Senator Cormann:** This is the government of the day losing the prerogative to take a question on notice.

**Senator WONG:** No, it is not a question of policy. It is a simple question of whether a note taker was present. There is no way that that is not known.

**Senator Cormann:** I have taken the question on notice.

**Senator WONG:** Well, I'd like an answer from Dr Parkinson, please. He wrote a letter saying: 'We're not partisan. We're going to observe this.'

**Senator Cormann:** The Public Service is not partisan. The Public Service serves the government of the day—

**Senator WONG:** Well, you should let them answer.

**Senator Cormann:** and the government of the day is—

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

**Senator Cormann:** I'm not frightened.
Senator WONG: Then let them answer.

Senator Cormann: I've taken on notice who was present. I've taken it on notice.

Senator WONG: I just want to know if a note taker from PM&C was present.

Senator Cormann: I've taken it on notice.

Senator WONG: That is outrageous.

Senator Cormann: No, I completely reject that.

Senator WONG: Why are you so frightened of giving a simple piece of evidence?

Senator Cormann: I've been entirely open and transparent, actually.

Senator WONG: Well, tell us if a note taker was present.

Senator Cormann: We made a judgement. The government is responsible for the judgement that we made. We made a judgment to adjust the budget measure in order to facilitate its speedy and efficient passage through the parliament. I don't think there's any magic about this. It's pretty straightforward.

Senator WONG: What an utterly chaotic government. The reason you don't want to answer is that you think it might go to the fact that you've given up on governing—an utterly chaotic government.

Senator Cormann: What? We actually passed this energy assistance payment through the parliament. Our decisions actually worked.

Senator WONG: After you backflipped on budget day on a measure you should have done the right thing on.

Senator Cormann: The decisions that we made were effective to achieve the objective.

Senator WONG: All right. The meeting to discuss this—you won't tell me if a public servant was present because, clearly, if they were, I suppose it might have added to the 'officialness' of the meeting, but anyway. By the way, why won't you tell me that?

Senator Cormann: The Prime Minister, the Treasurer and the finance minister are able to make certain judgements.

Senator WONG: Senator Cormann, why won't you tell me if a note taker was present?

Senator Cormann: I've taken the question on notice.

Senator WONG: Tell me why you won't answer it now.

Senator Cormann: I want to make sure the answer I provide you is 100 per cent accurate. We had lots of meetings that day. There were lots of meetings with different types of people, and I want to make sure that the answer I provide is accurate.

Senator WONG: That's reasonable. That means you can probably check that by the break.

Senator Cormann: I've taken the question on notice.

Senator WONG: You should not put Prime Minister and Cabinet officials in this position.

Senator Cormann: I am taking responsibility.

Senator WONG: You should not be putting them in this position.

Senator Cormann: I'm not putting them in any position. I'm taking responsibility.
Senator Wong: So the first meeting in the cabinet suite, where it's secret and there weren't any departmental officials present, was between you, the Prime Minister and the Treasurer, correct?

Senator Cormann: Certainly the Prime Minister, the Treasurer and I were in two discussions, and I've taken on notice—

Senator Wong: I am asking about the first meeting.

Senator Cormann: I have taken on notice—

Senator Wong: I'm not asking a question about the—

Senator Cormann: There might have been others and there might have been other ministers, but I want to check that.

Senator Wong: This is two days ago. You're seriously telling us that you can't remember?

Senator Cormann: Yes, because there were a whole series of meetings that day.

Senator Wong: What other changes to the budget did you discuss?

Senator Cormann: There were a whole series of meetings to do with the delivery of the budget that day, including, of course, meetings about developments in the lock-up, meetings prior to the delivery of the budget speech that night—

Senator Wong: Developments in the lock-up—where people worked out where you stuffed it up, hey?

Senator Cormann: briefing the cabinet about some of the further details in the budget et cetera. There were lots of different meetings, and I've just got to refresh my memory about who precisely was in what meeting and when.

Senator Wong: Okay. So there's one meeting and then there's another meeting. There's one meeting—about what time?

Senator Cormann: As I've indicated, there was a discussion in the early evening and then there was a discussion later in the evening.

Senator Wong: Did both of these discussions occur in the cabinet suite?

Senator Cormann: Yes.

Senator Wong: And at both of them there were—and you're going to try and remember who else—at least the Prime Minister, the Treasurer and yourself?

Senator Cormann: The three of us were involved in the discussions, yes.

Senator Wong: Right. Did Minister Fletcher attend any of these meetings?

Senator Cormann: As I've already indicated, I've taken on notice who else was in what meetings.

Senator Wong: Was he at any of the meetings to discuss these budget measures? Senator Cormann, it is simply not—

Senator Cormann: Well, it was—

Senator Wong: Can I finish the question. It is simply not believable for you to tell the Australian people and the parliament through this committee process that you don't remember if the line minister was present at a meeting to change a budget measure.
Senator Cormann: I was about to say something before you interrupted me with this assertion. There was a meeting of the cabinet on the Tuesday before the delivery of the budget later that evening, and, obviously, the minister for social services attends cabinet meetings.

Senator WONG: Sorry, could you say the first part of that again. Did you say there was a cabinet meeting?

Senator Cormann: There was a meeting of the full cabinet on Tuesday evening, prior to the delivery of the budget, and I'm going to verify who was involved in relevant conversations.

Senator WONG: The Tuesday prior to the delivery of the budget?

Senator Cormann: Yes.

Senator WONG: So just before the budget speech? I don't understand.

Senator Cormann: Again, this is budget day. There are lots of—

Senator WONG: Budget morning?

Senator Cormann: No, this is in the evening. There was a cabinet meeting on Tuesday evening, prior to the delivery of the budget later that night.

Senator WONG: After the lock-ups occurred?

Senator Cormann: Yes. Well, the lock-up was still underway.

Senator WONG: Was that budget cabinet? Wow, you are worried about leaking if you couldn't even do it in the morning. So the media got it before the—

Senator Cormann: It was a cabinet meeting.

Senator WONG: So the media and the opposition in the lock-up got copies of the budget before cabinet ministers?

Senator Cormann: It wasn't the budget cabinet. It was not what you described as the budget cabinet. It was a cabinet meeting before—

Senator WONG: When was the one before that?

Senator Cormann: We have regular cabinet meetings. If you want me to give you the dates—

Senator WONG: When was the cabinet meeting prior to that?

Senator Cormann: We've got regular cabinet meetings, and, as Dr Gruen indicated to you—

Senator WONG: Wow, who's running this?

Senator Cormann: decisions in relation to the budget process are endorsed along the way, as appropriate.

Senator WONG: So you remember a cabinet meeting just before the budget is handed down.

Senator Cormann: That's a pretty sort of key event.

Senator WONG: Yes, yes.

Senator Cormann: It happens every year.
Senator WONG: No, no. You only have it that late if you're worried about cabinet ministers leaking.

Senator Cormann: No, that is actually completely wrong.

Senator WONG: You only have it that late if you're worried—

Senator Cormann: That is completely wrong—

Senator WONG: after the opposition has been given copies of it in the budget lock-up.

Senator Cormann: We have that meeting every year—that same meeting.

Senator WONG: Tell me what the meeting was before that where they got told what was in the budget?

Senator Cormann: If you want me to give you all of the dates of the cabinet meetings, I'll take it on notice.

Senator WONG: No, no, just one. Did cabinet ministers get to know what was in the budget prior to—

Senator Cormann: Of course they did.

Senator WONG: Let me finish the question. You said there was a cabinet meeting on the Tuesday night immediately before the budget was handed down.

Senator Cormann: As there always is.

Senator WONG: No, that's not correct.

Senator Cormann: How can you assert that? Are you in our cabinet?

Senator WONG: No, you meant generally. I thought you meant—

Senator Cormann: No, over the last six years, our government has always had it.

Senator WONG: Okay, fine. It's going well then, isn't it? Was that the only time the full cabinet was briefed about the contents of the budget?

Senator Cormann: The budget cabinet, as you refer to it, was on Monday.

Senator WONG: Right.

Senator Cormann: But we always have a meeting before the delivery of the budget. We actually also have a party room meeting before the delivery of the budget. These are our normal internal processes.

Senator WONG: Wait, let's sequence this. The first discussion, as you keep calling it—the discussion where we're not allowed to be told if any note takers were there—was between you, the Prime Minister and the Treasurer, which was prior to the cabinet meeting where the issue of extending or amending the measure was raised. Is that right? And then there was a cabinet meeting later on the Tuesday night.

Senator Cormann: I've taken on notice precisely who was at what meeting. What I'm saying is that I was involved in two discussions. I was involved in a discussion in the early evening and then a discussion later in the evening in relation to the adjustment to the measure to facilitate the speedy passage of this measure through parliament.

Senator WONG: The first discussion—cabinet suite, Prime Minister, Treasurer, finance minister. Correct? The issue of extending the measure is the topic of discussion. Is that correct?
**Senator Cormann:** As I've already indicated several times, I was involved in two discussions that I recall with the Prime Minister and the Treasurer in relation to this measure and what we might need to do in order to facilitate its speedy passage—one earlier in the evening and one later in the evening. I'm going to get you the precise context and details of who else was there on notice.

**Senator Wong:** When did these meetings occur in relation to the budget speech?

**Senator Cormann:** Sorry?

**Senator Wong:** Two discussions, earlier and later. Is one before the budget speech and one after?

**Senator Cormann:** Yes.

**Senator Wong:** So, at the time he's giving the budget speech, he knows there's a possibility the budget he's delivering might be changed?

**Senator Cormann:** We are making judgements in the ordinary course of events on what we might need to do—

**Senator Wong:** But there is nothing ordinary about this, no matter how many times you say it.

**Senator Cormann:** in order to facilitate the speedy passage of legislation, which we were intending to introduce that week and pass that week, through the parliament.

**Senator Wong:** But, by the time the Treasurer was delivering the budget, you'd already had a discussion that makes it—

**Senator Cormann:** We hadn't made a decision—

**Senator Wong:** Can I finish?

**CHAIR:** Senator Wong, you'd be on stronger ground objecting to the minister answering quickly if you weren't also interrupting him. How about neither of you interrupt each other, and this will go much better.

**Senator Wong:** I hadn't actually got a question out.

**CHAIR:** Yes, I know. But he often hasn't been able to get answers out either before you've interrupted.

**Senator Wong:** All right. Okay. It's good to see—

**CHAIR:** So I'm suggesting: let's not interrupt each other.

**Senator Wong:** So, at the time the Treasurer is on his feet, he already knows that his budget is going to be changed?

**Senator Cormann:** No, that is not right. You are mischaracterising what I said. You're suggesting that a decision had been made to change the budget at that time. No such decision had been made. There was an initial conversation about what might need to be done in order to facilitate the speedy passage of legislation that we wanted to pass that week through the parliament, and we reached a landing somewhat later. There were two discussions that day, and the ultimate decision—that's a matter that I might need to check with the Prime Minister as to when the ultimate decision, the actual decision, was made.
Senator WONG: Okay, that's what I want to get to. So there was your discussion prior to the budget speech. At that stage there was no decision made. There was another decision post the budget speech. What occurred at the second discussion? Perhaps I'll do it this way. Was the letter from Mr Fletcher already provided at the second discussion, or were you still discussing what to do?

Senator Cormann: I don't know precisely what time the letter arrived. All I know is that I was involved in two discussions about what we might need to do in order to facilitate the speedy and efficient passage of this legislation through the parliament that week, as I have been involved in many such conversations over the years on what we might need to do in terms of amending legislation in order to facilitate passage through parliament. Ultimately, these are matters that require policy authority from the Prime Minister in order to make adjustments to legislation on the previous policy authority, so I would have to take on notice precisely when the actual decision was made. I don't know off the top of my head.

Senator WONG: I want to know by whom, but before I get to that, the second discussion to which you refer is not the cabinet discussion?

Senator Cormann: Sorry?

Senator WONG: The second discussion to which you refer is not the cabinet discussion? I am just clarifying this. The second discussion is another discussion between you, the Prime Minister and the Treasurer. Is that correct?

Senator Cormann: I have said to you several times that I have been involved in two discussions, which the Prime Minister and the Treasurer were involved in. I have already taken on notice who else may have been there in those discussions.

Senator WONG: I am just trying to work out if the second discussion to which you refer was the cabinet discussion prior to the budget speech or was it another discussion?

Senator Cormann: There were two—one before the budget speech and one after the budget speech, which we have actually already talked about—and I will provide you on notice with the context.

Senator WONG: And the cabinet meeting was just prior to the budget speech?

Senator Cormann: The cabinet meeting was prior to a party room meeting, which was just prior to the budget speech.

Senator WONG: Can I put to you that this so-called discussion that you had was just you, the Prime Minister and the Treasurer walking into the cabinet meeting, and you talked about the fact that you needed to change it?

Senator Cormann: Sorry, say that again.

Senator WONG: Was this first discussion you described in the cabinet suite actually you, the Prime Minister and the Treasurer turning up to the cabinet meeting and, on the way in, saying, 'Oh dear, I reckon we need to change a budget measure'?

Senator Cormann: I have already said to you that I had two discussions on this issue involving the Prime Minister and the Treasurer, where we discussed what might be required in order to facilitate the speedy and efficient passage of this measure through the parliament. We were very keen for this measure to be legislated through the parliament this week because we wanted age pensioners to be able to get this cost-of-living pressure relief in a timely
manner. And, as we often do in relation to legislation going into the parliament, in particular in the context where the government doesn't have the numbers in the Senate, as you know, we had a conversation about what might be required in terms of adjustments to the measure in order to facilitate speedy passage. Ultimately, we made a decision that we should make the adjustments that have since been announced.

Senator WONG: Why didn't you just take that to the cabinet given that you had that discussion prior to the cabinet meeting?

Senator Cormann: You are making assertions there.

Senator WONG: No, you told me.

Senator Cormann: No, you are verballing my evidence. I said to you that I had one conversation before the budget speech and one conversation later in the evening and that I would provide you with the context of that.

Senator WONG: You also said there was a cabinet meeting immediately prior to or just before the budget speech.

Senator Cormann: Sure.

Senator WONG: We know the sequence is this: we know the budget is printed, provided to everyone in the lock-up. The measure is narrow; it excludes Newstart. We know that you, at some point in the evening prior to the budget speech, had a discussion in the cabinet suite between the Prime Minister, yourself and the Treasurer, where you raised the possibility of changing this. We also know there was a cabinet meeting prior to the budget speech. We know there was a subsequent discussion later on budget night, where you, the Prime Minister and the Treasurer, and perhaps some other unidentified people, had a meeting. I will come back to that second meeting. We also know the Treasurer was still doing media up till 9:25—his final budget night interview—where he was defending the existing measure. So I am saying: first, why did you not make a decision at the full cabinet meeting that you had? Why was the decision to amend delayed?

Senator Cormann: You can't draw the sequence that you've just drawn from the answers I've just given.

Senator WONG: I absolutely can.

Senator Cormann: No, you can't. You're essentially extending beyond what I've actually indicated to you. All I've indicated to you is that I was involved in a conversation about this measure before the budget speech was delivered and a further conversation after. You can't add all of the other pieces into it on the basis of what I've said because I haven't yet provided the answer on notice in relation to the context and the circumstances and the attendance of others in relation to some of those discussions.

Senator WONG: The problem you've got is that the external time frame makes it clear—

Senator Cormann: Sorry?

Senator WONG: The external time frame makes it clear—budget measures printed. Whenever we—

Senator Cormann: The budget measure was printed on the weekend.
Senator WONG: Budget measures printed, budget measures provided to people. You've said: discussion, cabinet meeting, budget speech. Up to 9.25 or 9.15 that night, the Treasurer was still doing media, backing in the original decision and then the next morning on AM, the Treasurer's changed. Sometime between 9.25 the night before and that morning, the government's policy position on a budget measure changes.

Senator Cormann: The government made a decision to adjust the measure in order to facilitate the speedy and efficient passage through the parliament.

Senator WONG: Who made the decision?

Senator Cormann: Ultimately, it's a decision for the Prime Minister. As part of ordinary processes, when there is amendment to legislation on the previous policy authority, you need to obtain the policy authority of the Prime Minister to do so, which is the normal process when adjusting budget measures in legislation.

Senator WONG: So there is a usual process about that. Back to you, Dr Baxter. You received the letter from Minister Fletcher. You had been advised prior to that by—I think you said—your correspondents, people who deal—

Dr Baxter: We were just alerted it was coming, and I think it came more or less straightaway.

Senator WONG: By whom were you alerted? Were you alerted by the PMO or by other officers?

Dr Baxter: I understand we weren't alerted from the PMO but by our internal governance division that there was a letter that had arrived.

Senator WONG: Was that the first time you were aware there was a possibility the measure would be changed?

Dr Baxter: That's correct.

Senator WONG: And, Dr Gruen, you weren't aware until the next day?

Dr Gruen: That's correct.

Senator WONG: These two discussions occur, including with your minister, Dr Baxter—that is, the Prime Minister—where a budget measure is changed on budget day, which is pretty unusual—most people would remember that—and you're not told about these discussions or asked to provide advice?

Dr Baxter: We were advised once the letter came.

Senator WONG: You're not asked to provide advice? Senator Cormann's evidence is that there were a couple of discussions. I would say he's obfuscating; he would say, 'Use some other word,' but let's try and insert something non-pejorative. He hasn't told me, he says, about all the details discussed. But what he has said is that the possibility of changing the budget measure or the fact of the budget measure and its scope and the need to get it through the parliament was the subject of discussion at two meetings at which your minister was involved. You were not asked to provide advice? PM&C was not asked to provide advice to the Prime Minister on changing this measure?

Dr Baxter: Officials from PM&C and the Department of Social Services and Finance did consider the implications and merits of the proposal when the letter came in.
Senator WONG: Was that after Minister Fletcher's—
Dr Baxter: After the letter came in, that's correct.
Senator WONG: What time was that?
Dr Baxter: We're just checking the timing. We will come back to you.
Senator Cormann: We have taken that on notice. Let me just say that—
Senator WONG: Well, that's just extraordinary. She's telling you she's checking it, and you're taking it on notice because you don't want to tell us.
Senator Cormann: Compared to the requirement of the cabinet handbook and compared to the practice of the previous Labor government, we're actually being more than helpful because we're not meant to canvass these sorts of details about timings of decisions through the ordinary budget process. This is a decision that was made through the ordinary processes of cabinet in a similar fashion as they would have applied in circumstances like this under your government. When a government wants to facilitate passage of important legislation through the parliament, when there is a requirement for adjustments, there is a decision-making process, which was followed on this occasion.
Senator WONG: So PM&C, Finance and Treasury officials—
Dr Baxter: No, PM&C, Social Services and Department of Finance.
Senator WONG: Sorry, not Treasury. After the letter, you were going about, what, generating a formal decision-making process for the Prime Minister at that point?
Dr Baxter: We were looking at the implications and merits of the changes in order to support the provision of a letter back to Minister Fletcher's letter.
Senator WONG: Okay. So the policy authority was generated by the Prime Minister writing back to Mr Fletcher?
Dr Baxter: That's correct.
Senator WONG: When was the Prime Minister's letter finalised?
Dr Baxter: On the following morning, Wednesday, 3 April.
Senator WONG: Before or after the Treasurer announced it on—
Senator Cormann: We'll take the precise timing on notice.
Senator WONG: Wow!
Senator Cormann: Obviously, for the Treasurer to announce it, the Prime Minister would have already provided policy authority. I take on notice what we might be able to assist you with.
Senator WONG: No, that's her—
Senator Cormann: Given that this is part of cabinet-level process, we're going well beyond what is normally canvassed in public.
Senator WONG: That's not correct.
Senator Cormann: But in order to be an abundance of helpfulness I'll take it on notice and see what we can assist you with on notice. The Treasurer would not have announced this adjustment to the measure without having received policy authority from the Prime Minister prior. Clearly, the Prime Minister would have first issued the policy—
Senator WONG: Why are you talking in the hypothetical?
Senator Cormann: Because I'm confirming on notice.
Senator WONG: Senator Cormann, you're talking in the hypothetical but you're refusing to allow an official to answer when the letter was sent.
Senator Cormann: I'm getting on notice the precise timetable.
Senator WONG: When are you going to provide them to us? Before the election? No. You're going to call the election this weekend—
Senator Cormann: We'll get it to you as soon as possible.
Senator WONG: Are you?
Senator Cormann: I'm not going to call the election.
Senator WONG: You plural; vous.
Senator Cormann: I'm not going to call the election this weekend, I can assure you of that.
Senator WONG: Vous.
Senator Cormann: We're speaking French now?
Senator WONG: I'm explaining! It's just easier, sometimes, because we don't do the plural in English. My point is that you've got an official who you are declining to allow to answer—
Senator Cormann: This goes to deliberate processes of cabinet.
Senator WONG: I just want to know when the letter was sent.
Senator Cormann: I will find out for you.
Senator WONG: You don't want her to tell me.
Senator Cormann: I will find out for you.
Senator WONG: Are you going to tell me before the day's up.
Senator Cormann: I've taken it on notice.
Senator WONG: She knows.
Senator Cormann: I've taken it on notice and I'm going to seek advice—
Senator WONG: How can you do that?
Senator Cormann: To ensure that what we provide you is appropriate.
Senator WONG: No, it's in her knowledge. She knows when the letter was sent.
Senator Cormann: I want to make sure.
Senator WONG: Everybody in this whole parliament can see Senator Cormann doesn't want to tell us when the Prime Minister wrote to Minister Fletcher, because he doesn't want people to know when the decision was actually made and whether it was before or after the Treasurer did a radio interview. If it was before, why don't you just tell me?
Senator Cormann: I've taken the question on notice.
Senator WONG: Just tell me.
Senator Cormann: I've taken the question on notice.
Senator WONG: Of course you have. What time did you leave the office that night, Dr Baxter?
Dr Baxter: Are you referring to the budget night?
Senator WONG: Yes.
Dr Baxter: I think it was—
CHAIR: Just before you answer, Dr Baxter, I want to make sure this is strictly relevant to the estimates.
Senator WONG: Oh, come on!
CHAIR: Seriously, Senator Wong.
Senator WONG: I just want to know when she finished work. That's a way of asking—
CHAIR: Should we really be asking for time sheets from public—
Senator WONG: Okay, I'll ask her—
Senator Cormann: I left at 1 am and was back at in the office at 5 am if you wanted to know.
Senator WONG: When did you finish—
CHAIR: Senator Wong, I don't think we should be asking public servants for time sheets.
Senator WONG: Okay, I will ask in a different way. I have no actual interest in those aspects. I actually just want to know when the letter was finished. Did you draft the letter, Dr Baxter?
Dr Baxter: No.
Senator WONG: Did you tick off on it?
Dr Baxter: No, I didn't.
Senator WONG: Who drafted the letter?
Dr Baxter: It was drafted within the social policy division, within—
Senator WONG: So someone who works to you?
Dr Baxter: That's right.
Senator WONG: As the dep sec, did you authorise it?
Dr Baxter: This was not a letter that I signed off on, no.
Senator WONG: Who signed off on it?
Dr Baxter: I would have to check that, Senator. I understand it was the responsible branch head.
Senator WONG: Who's that?
Dr Baxter: Cain Beckett. He's responsible for the social services.
Senator WONG: Is Mr Beckett here?
Dr Baxter: No, he's not here.
Senator WONG: That's convenient!
CHAIR: Senator Wong.
Senator WONG: Seriously, it's pretty obvious that this was a series of questions that the opposition would go to.

Senator Cormann: He would not be able to assist you anymore, because I have taken the question on notice.

CHAIR: Let's not reflect on the officials, please.

Senator WONG: No, I'm reflecting on the government and the failure—

CHAIR: Feel free to do that, but it didn't sound like that to me.

Senator WONG: Well, I do think it's convenient that the person who signs-off on a change to the budget—

Senator Cormann: No, he didn't. The Prime Minister signed-off. And I'm here representing the Prime Minister.

Senator WONG: when I am obviously going to—when was the Prime Minister's letter signed?

Senator Cormann: I've taken that on notice.

Senator WONG: Yes, because you don't want to tell people.

Senator Cormann: Yes, of course we will tell people—on notice.

Senator WONG: Yes, after the election. What a way to do a budget. When were costings done?

Dr Baxter: Senator, that question would be best directed to the Department of Finance.

Senator WONG: Come on. It's part of the process of meeting with finance officials to do policy authority. At that point were costings presented to PM&C for the purposes of preparing the letter?

Senator Cormann: Let's just be very clear: Finance appears this afternoon.

Senator WONG: I know.

Senator Cormann: The costings process, as you would well know as a former minister for finance, is 100 per cent the responsibility of the finance department—

Senator WONG: Yes, but the responsibility—

Senator Cormann: who are appearing here this afternoon. You can ask these questions at your leisure this afternoon.

Senator WONG: Dr Baxter, I'm asking whether the costings were available at the time PM&C finalised the letter from the Prime Minister?

Dr Baxter: I don't have that material with me.

Senator WONG: Do you know? I didn't ask—

Senator Cormann: We'll take it on notice.

Senator WONG: Unbelievable. I hope everyone can see just how much he does not want questions about this process answered.

Senator Cormann: I've actually been extremely transparent.

Senator WONG: No, no—

Senator Cormann: We made a judgement to adjust the measure—
Senator WONG: At the time the letter—

Senator Cormann: in order to facilitate passage of the legislation through the parliament. That's what we've done. Everybody can see what we did and why. It's straightforward.

Senator WONG: Then why are you so worried about answering questions about it? At the time the Prime Minister—

Senator Cormann: I am protecting the integrity of cabinet processes in the same way as you used to—

Senator WONG: Precisely: 'I'm protecting the Liberal Party and the Prime Minister.'

Senator Cormann: It might be six years ago, but I still remember how you were dealing with these sorts of questions when you were sitting here.

Senator WONG: 'I am protecting.' The verb is perfect.

Senator Cormann: I am protecting the integrity of the cabinet process in the same way you used to. It might be six years ago, but I still remember, when I sat there and you sat here, how you would deal with these sorts of questions, and it was in precisely the same way.

Senator WONG: Dr Baxter, I didn't ask you about the material. I asked whether at the time the letter was finalised the costings had been provided to PM&C for the purposes of the policy authority letter.

Senator Cormann: And I've taken that question on notice.

Senator WONG: Seriously? You don't even want her to answer whether you knew how much it would cost when the Prime Minister made the decision. Actually, if I were you, I would let her answer that.

Senator Cormann: I can tell you how much it will cost: $80 million.

Senator WONG: No, that is not the question.

Senator Cormann: The responsibility for that is with the Department of Finance.

Senator WONG: Wow. You can always tell when you're getting stressed, because you talk endlessly.

Senator Cormann: I'm not stressed. I'm totally relaxed.

Senator WONG: Yeah, you look it! Nobody believes that. Even the Deputy President, who's supposed to be not partisan, is laughing.

CHAIR: Order!

Senator WONG: I just want to know, at the time the Prime Minister provided policy authority, whether the costings were available to PM&C—

Senator Cormann: The Prime Minister—

Senator WONG: You won't even let me finish the question, will you, because it's embarrassing. Their answer should just be, 'Yes, they were,' because it doesn't go to content. At the time the letter, which provides policy authority, was provided to Minister Fletcher, were the costings available?

Senator Cormann: All of the appropriate processes were followed. We have taken the detail that you're asking for on notice, and we'll provide that as soon as possible.

Senator WONG: You're not going to answer me, Dr Baxter?
**Senator Cormann:** I've taken it on notice. As the minister at the table representing the government, I've taken the question on notice, so there's nothing further to add until we've got the information available to supply on notice.

**Senator WONG:** Dr Parkinson wrote to Mr Dreyfus on 13 February in response to various leaks out of the Public Service: 'I regard acts that have the substance or appearance of politicising the APS as threats to the effectiveness of Australia's democracy. Please reassure Mr Dreyfus of my commitment to uphold the traditional values of the APS and my appreciation for passing on his concerns. I will ensure these are drawn to the attention of secretaries.' You should let them answer these process questions.

**Senator Cormann:** I haven't even said 'boo' and you're having a go. Please.

**Senator WONG:** I am. You won't let them answer whether costings were prepared. You won't let them answer timing questions. You won't let them answer where note takers were. These are perfectly legitimate questions.

**Senator Cormann:** I completely reject that proposition. We will answer, but we will answer on notice.

**Senator WONG:** They know.

**Senator Cormann:** We will answer on notice.

**Senator WONG:** They're only prevented from answering because you're intervening. And it's putting them in an untenable position.

**Senator Cormann:** I've used my prerogative as the minister at the table, and I take responsibility for using that prerogative, to take questions on notice to ensure that the answers are 100 per cent accurate.

**Senator WONG:** Okay. So nobody will tell me whether costings had been finalised at the time the Prime Minister wrote—

**Senator Cormann:** Questions on costings are matters for Finance.

**Senator WONG:** No, you don't listen. You're not listening. I'm not asking about the costings. I'm asking about the policy authority, which is the responsibility of the Prime Minister, and whether costings were available and known to him at the time he changed the government's budget. That is a reasonable question.

**Senator Cormann:** The cost of the measure was known to the Prime Minister when he made the judgement.

**Senator WONG:** Right. How do you know he know?

**Senator Cormann:** Because I know, because I was, of course, involved in—

**Senator WONG:** Did you tell him?

**Senator Cormann:** Again, I've taken on notice the sequence that you've asked for to make sure it's 100 per cent accurate.

**Senator WONG:** I love this.

**Senator Cormann:** Let me reassure you that the Prime Minister was absolutely aware of the cost of the measure.
Senator WONG: It's fantastic everyone! Senator Cormann says: 'It's all fine. I won't let PM&C answer whether costings have been done before the Prime Minister writes a letter changing the budget, but I can tell you, as finance minister, he did know, but I'm not going to tell you how.' It's brilliant!

Senator Cormann: You're going to deliberative processes of cabinet; you're going to budget process—

Senator WONG: People should know whether at the time he changed the budget he knew what—

Senator Cormann: Well, let me tell you: whether it's your government or our government, these sorts of processes have got confidentiality attached to them—for good reason. But I can assure you that the Prime Minister absolutely knew what the cost of the measure was at the time of providing policy authority for the adjustment required to help facilitate passage through the parliament.

Senator WONG: When I asked you about the rationale for the exclusion of allowance recipients, you said, 'It's what we thought was affordable'. I'm truncating your answer, but you used the term 'affordable'. I want to understand why something was not affordable at seven o'clock on budget night but was affordable at 8 am the next morning.

Senator Cormann: The context is that we had previously legislated a measure that was precisely the same as the measure that was included in this budget, and that measure was passed by the Senate on 15 June 2017—incidentally, at that time there was no suggestion from Labor or anybody else that there should be amendments to that legislation to include Newstart recipients. So the measure that was reflected in this budget originally was, for all intents and purposes, the same measure as the one that was legislated by the parliament in 2017. And so when the government made a judgement, through the budget process, to provide cost-of-living pressure relief to age pensioners, we essentially did it in the same way as it had been done in 2017.

Now obviously, in the context of that measure being announced, in the context of the budget, it became obvious to the government that, in order to facilitate the passage of this legislation in 2019, in order to facilitate the speedy and efficient passage of this measure in 2019, by the end of this week, we needed to make the adjustments that we made. But obviously, initially, the reason the measure was designed as it was is because it was essentially—well, it was precisely the same measure as the one that had been previously legislated.

Senator WONG: This is the one that was in 2017-18?

Senator Cormann: It was legislated in 2017 I think; early 2017.

Senator WONG: I'll come back to that. This is the deal with Senator Xenophon. I can't recall; was it for company tax cuts? Was part of your arrangement with him for him to support your company tax cuts—is that not right?

Senator Cormann: I think that's right, yes.

Senator WONG: Can I just go back, though? I don't think you've answered the question, which was why it was not affordable in the morning but it was affordable by the night.

Senator Cormann: Sorry?
Senator WONG: You haven't really answered my question as to why extending it to Newstart and other allowance recipients was not affordable on budget morning, but was by budget night.

Senator Cormann: No, sorry; I can explain to you the context. When we delivered the 2018-19 budget, you'll remember that the forecast was for a deficit of about $14.5 billion. By the time of the half-yearly budget update, that had come down to just over $5 billion. By the time of the 2019-20 budget, it had come down even further, to just over $4 billion. So the judgement was made that there was an opportunity, given the very strong budget performance, for the government to provide cost-of-living pressure relief to age pensioners and other eligible welfare recipients. Obviously it was a measure that was designed in the same way as a previous measure, which was legislated by the parliament in 2017.

Now, this time round it was obvious that in order to get this measure legislated swiftly through the parliament, we needed to make some further adjustment. But even after that adjustment, even after that additional $80 million cost, taking the full cost of the measure to $365 million, the deficit in 2018-19 is still more than $10 billion less than when the budget was originally—

Senator WONG: Okay, but I didn't ask any of that.

Senator Cormann: No, you asked me how it was affordable.

Senator WONG: No, no—

Senator Cormann: The reason it's affordable is because we had a more than $10 billion positive turnaround in our budget bottom line.

Senator WONG: Senator Cormann, you had this ostensible turnaround to what you had previously. I'm asking: why wasn't it affordable on budget morning but was affordable by budget night?

Senator Cormann: We made a judgement that, because of the very strong budget performance, we would again be able to afford the measure that was legislated back in 2017 and provide a one-off energy assistance payment to relevant eligible welfare recipients. The measure was designed in the same way. Back in 2017, Labor never raised any concerns about Newstart recipients missing out. But, in the context of the parliament in 2019, it was obvious that if we wanted to secure speedy and efficient passage of this measure, which we did, then we needed to make that further adjustment, which was affordable.

Senator WONG: Well, that's clear.

Senator Cormann: It's very clear.

Senator WONG: You were in the lock-up, Senator Cormann. Can I just ask: was there a reason the budget speech was delivered after the budget papers to people in the lock-up?

Senator Cormann: I am unaware. That would be a question for Treasury with regard to the lock-up.

Senator WONG: I just wonder—well, you were there.

Senator Cormann: I was there at various times, but I wasn't there from the beginning. I think I went into the lock-up a bit after 3 pm, and then a bit after 4:30 pm for the press conference. I'm not aware of the document flow. I didn't even know this, what you've just raised. Treasury, I'm sure, will be able to assist.
Senator WONG: Okay, so you're going to come back to me, and you're here for—can you do it before lunchtime?

Senator Cormann: What is that?

Senator WONG: On whether Mr Fletcher attended either of the meetings, and whether there were any note-takers.

Senator Cormann: I've taken the question on notice, and I will provide that information as soon as possible.

Senator WONG: So this is, 'We don't want to answer this before the election.'

Senator Cormann: This is probably—

Senator WONG: Why are you so worried about answering this?

Senator Cormann: a good time for me to read out paragraph 26 of the Cabinet Handbook. It says:

All attendees are responsible for ensuring that what is considered by the Cabinet, when and how it does so—

Senator WONG: It wasn't a cabinet meeting!

Senator Cormann: Let me finish—

and the decision the Cabinet reaches on particular matters remain confidential. Ministers, their staff and officials must not disclose proposals likely to be considered at forthcoming meetings outside Cabinet-approved consultation procedures. Nor can they disclose the nature or content of the discussions or the views of individual ministers expressed at the meeting itself.

And the deliberative process of cabinet does not just commence with the cabinet meeting itself or the relevant cabinet process; it actually also involves the process leading up to it, the consideration and the deliberative process leading up to it. But with that proviso, I have of course taken a whole series of questions on notice and I will provide the information as soon as possible.

Senator WONG: Unless you tell me otherwise, this decision was not taken at a cabinet meeting. If you had done this properly, and you'd had a proper cabinet process, then what you have just read out would have been relevant.

Senator Cormann: There are many aspects—

Senator WONG: This decision was made on the fly. This decision was made over the course of budget evening. This decision was not made by cabinet or a cabinet subcommittee, so none of the provisions of the handbook that you just read out are relevant. They would be if you had followed proper process, but you didn't.

Senator Cormann: There are many aspects to cabinet decision-making, and I would have to stress again that the decision to make an adjustment to a budget measure in order to facilitate efficient passage of legislation through the parliament is business as usual for this government. We have, over the last six years, on many occasions, had to adjust budget measures in order to facilitate their passage through the parliament—in particular, because we do not have the majority in the Senate. That is something that you are very well aware of. So, from where I sit, while it happened in the final week before an election, which happened to be budget week, what happened is entirely an ordinary decision-making process focused on facilitating the efficient passage of legislation.
Senator McALLISTER: I'd like to talk about Mr Morrison's trip to Christmas Island. Who should I talk to about that?

Ms Foster: I'll ask Ms Millar to come up to help with that.

Senator McALLISTER: Thank you, Ms Millar. Can you just run me through the basic details of the trip? I understand that Mr Morrison arrived in Christmas Island on 6 March.

Ms Millar: Yes, that's correct.

Senator McALLISTER: When was the decision taken to fly to Christmas Island?

Ms Millar: A few days before that. I don't have that advice exactly, but I can try to find out for you.

Senator McALLISTER: What was the involvement of PM&C in organising that?

Ms Millar: We provided advice to the Prime Minister for his visit. That advice was prepared by the Department of Home Affairs, and we provided it to the Prime Minister's office. We were not involved in the decision to visit Christmas Island.

Senator McALLISTER: So at the time the advice was requested, which was some days before the trip—and you're coming back to me with the exact time—the decision had already been taken to travel?

Ms Millar: I'm sorry?

Senator McALLISTER: At the time that the advice was requested, a decision had already been taken to travel?

Ms Millar: Yes. We provided the advice in the context of his trip.

Senator McALLISTER: Who was responsible for the logistics associated with the trip?

Ms Millar: We're not responsible for the logistics. My colleague Ms Foster may know. It's certainly not done by us.

Ms Foster: I don't believe we were involved, but we'll check and get back to you.

Senator McALLISTER: So a briefing was requested and a written briefing was provided by PM&C, and you compiled that with the support of the Department of Home Affairs?

Ms Millar: That's correct.

Senator McALLISTER: Were there any briefings requested from other stakeholders of any kind?

Ms Millar: Not to my knowledge.

Senator McALLISTER: How long does it take to fly to Christmas Island?

Ms Millar: Quite a long time. I haven't done it myself. I don't know exactly, but it's a long trip.

Senator McALLISTER: Ms Foster, when you said that you weren't certain who organised the logistics, are you saying that the Department of the Prime Minister and Cabinet was not involved at all in organising any aspects of the logistics of the trip?

Ms Foster: I said that I didn't believe that we were involved but that I would check that.

Senator McALLISTER: Is the corollary of that that the Prime Minister's office organised all of the logistics, Minister Cormann?
Senator Cormann: Say that again?

Senator McALLISTER: I'm asking questions about the Prime Minister's trip to Christmas Island. Ms Foster has given evidence that she doesn't believe that the Department of the Prime Minister and Cabinet was involved in organising the travel and logistics for that trip.

Ms Foster: I've just confirmed that we don't do the logistics for the Prime Minister's domestic travel.

Senator McALLISTER: Right. How many hours did Mr Morrison spend on Christmas Island?

Senator Cormann: I'll have to take that on notice. I genuinely don't know. That's not information that's within my knowledge.

Senator WONG interjecting—

Senator Cormann: How would I know? She looked at me.

Senator McALLISTER: Perhaps Ms Foster would know.

Senator WONG: Who went?

Ms Millar: I don't think we have that information. I'm happy to take that on notice and try to get it for you during the course of the morning.

Senator McALLISTER: How many personal staff attended Mr Morrison?

Ms Millar: Sorry?

Senator McALLISTER: Who attended? Who went on the trip?

Ms Millar: I don't seem to have that information on me, but we will check that and get that to you.

Senator McALLISTER: What was the means of travel for the Prime Minister's trip?

Ms Millar: He flew.

Senator McALLISTER: Commercially?

Ms Millar: I don't have that information as we didn't organise the travel.

Senator McALLISTER: The media reports were that he landed on the island in a Royal Australian Air Force jet. My questions are quite simple. I wonder if we might wait for this additional information. Is there another officer here who could come to the table and assist Ms Millar?

Ms Millar: I don't think that the officer will have the information, but we can certainly try and get it for you.

Senator McALLISTER: How many journalists attended with Mr Morrison on the trip?

Ms Millar: Again, I don't have that information.

Senator WONG: Can you get someone to the table who can talk to us about it, with respect? If the deputy secretary—

Senator Cormann: Again, the Prime Minister's department is not involved in organising the Prime Minister's travel—

Senator WONG: No, but if PM&C officials have travelled with the Prime Minister—
Senator Cormann: and if the Prime Minister's office, which is involved in organising the Prime Minister's travel, does not appear at Senate estimates—it didn't under your government and it doesn't under our government—then, clearly, the Prime Minister's department cannot answer questions for you—

Senator WONG: Sure, Ms Millar can't—
Senator Cormann: in relation to matters that they have no involvement in.

Senator WONG: No involvement at all? No-one from PM&C had any involvement and didn't travel with the Prime Minister? Is that the evidence—nothing at all? No knowledge? Nothing?

Senator Cormann: That's what—

Senator McALLISTER: We're waiting—

Ms Millar: No-one from PM&C travelled with the Prime Minister. I've just checked: he was accompanied by the Minister for Immigration, Citizenship and Multicultural Affairs and the Commander, Joint Agency Task Force, Operation Sovereign Borders.

Senator WONG: And is the evidence that no-one from the department helped organise the trip?

Ms Millar: That's correct.

Senator WONG: That's extraordinary!

Senator Cormann: Why is that? There's nothing extraordinary about that at all—

Senator WONG: Yes, there is.

Senator Cormann: No. The evidence actually—

Senator WONG: The home department—

Senator Cormann: Hang on! The evidence that was previously made is that the Prime Minister's department is never involved in the Prime Minister's domestic travel. My department is not involved in my domestic travel either. We organise our official travel through our offices.

Senator WONG: It was the Prime Minister's big media event.

Senator Cormann: What has that got to do with anything?

Senator WONG: That's a very good question, actually. What did it have to do with anything?

Senator Cormann: It was a very important announcement, focused on protecting our borders after Bill Shorten got dragged down by—

Senator WONG: Oh, here we go! Is this the—

Senator Cormann: the coterie on the crossbench to undermine—

Senator WONG: You should now go on to corrupt trade unionists, socialists, risks to the economy and recession; you know that you've got a little—

Senator McALLISTER: It's a word cloud.

CHAIR: Order—

Senator WONG: It's a word cloud for 'be very frightened'.
CHAIR: I don't think the minister's the only one using partisan rhetoric this morning in the committee.

Senator McALLISTER: I asked how long the Prime Minister was on the ground for on Christmas Island. Do we have an answer to that yet?

Senator Cormann: No. The Prime Minister's department has already indicated to you that they were not involved in the travel. And I've already indicated to you that I don't have that in my personal knowledge. If you do want an answer to that question I'll necessarily have to take it on notice, and I have.

Senator McALLISTER: The journalist David Crowe reported that he spoke at the event for less than 30 minutes after landing on the island in the jet.

Senator Cormann: What are you suggesting? Are you asking me to comment on a comment?

Senator McALLISTER: I'm just trying to find out what all this really meant.

Senator Cormann: I've already taken that on notice.

Senator McALLISTER: What all this really meant?

Senator Cormann: It was a very important part of keeping our borders secure, acting on advice from relevant officials.

Senator McALLISTER: Can you confirm the reports that Australians paid up to $2,000 a minute for a press conference on Christmas Island?

Senator Cormann: That is just rhetoric! If you've got an actual question—

Senator McALLISTER: That is my question. It's based on the relationship between the cost of flying there—the cost of undertaking the trip—and the amount of time spent there.

Senator Cormann: Do you know what? Prime ministers of both political persuasions undertake official travel, and there are certain facilities available to governments to ensure that they can undertake their official duties. There's a cost involved in that, and that is nothing out of the ordinary.

Senator McALLISTER: What was the total cost of Mr Morrison's trip?

Senator Cormann: I'll take that on notice. It's reported in the ordinary course of events, but if you want me to get that information I'll take that on notice.

Senator McALLISTER: All right. Wasn't it just a stunt, though? It's a very long way; what was the purpose?

Senator Cormann: That is, again, completely political rhetoric. There is nothing in that assertion that is not political rhetoric.

Senator WONG: From the medevac talking points—

Senator Cormann: At the time—

Senator McALLISTER: It's not my idea—

Senator Cormann: there was a very high level of concern. The government had advice from relevant officials about the potential implications from legislation passed through the parliament for the integrity of our borders. There were certain immediate measures that had to
be taken to protect the integrity of our borders, including the announcements to reopen Christmas Island, which, for all intents and purposes, appear to have had the desired effect.

Senator KITCHING: You haven't opened Christmas Island now and you're not spending the $1.4 billion you would need to spend to reopen it because you know you didn't need to—

Senator Cormann: We have made a decision—

Senator KITCHING: This was a stunt.

Senator Cormann: No. We made a decision that, should we be successful at the election, we would close Christmas Island again, because if we are successful at the election then we will reverse the bad legislation that was pushed through the parliament with Mr Shorten's support. In that circumstance, we believe that Christmas Island will no longer be required into the future. We were able to close the whole series of detention centres. Labor, in government, because the boats started coming again, because we had 50,000 illegal arrivals by boats, had to set up detention centres all around the place. We closed detention centres. We took children out of detention. We also stopped the boats, so we stopped the problem into the future.

Senator KITCHING: And gave serious consideration to an onshore detention centre.

Senator Cormann: Because of the risk Australia was exposed to by the passage of this legislation, we acted on advice and took certain steps, including the reopening of Christmas Island and including making sure that the Prime Minister—using the prime ministerial megaphone—sent a very clear message into the region that we would continue to do everything we could to keep our borders secure.

Senator McALLISTER: You're here representing the Prime Minister. I'm trying to understand what he did there.

Senator Cormann: I just told you what he did there.

Senator McALLISTER: You're talking about your reason for a government decision. I'm asking what the purpose was of travelling 5,000 kilometres in a jet to Christmas Island.

Senator Cormann: If you had listened to my answer carefully—

Senator McALLISTER: I did listen.

Senator Cormann: It was very important for there to be a very clear and high-profile communication into the region—

Senator McALLISTER: I see.

Senator Cormann: that the Australian government remain absolutely resolute to do everything and anything we can in our power to continue to protect the integrity of our borders. Using the prime ministerial megaphone on Christmas Island in the context of reopening the Christmas Island detention centre was a very important measure to ensure that any people smugglers out there that were considering reopening their vile trade were very clear that nothing had changed in terms of the resoluteness of the government. The parliament might have put some legislation through the parliament that they might have felt was attractive for their future opportunities, but the elected government of Australia continues to be absolutely resolute about protecting our borders. The Prime Minister's visit to Christmas Island was highly effective in sending that message loud and clear.

Senator McALLISTER: At the time the Prime Minister said:
I thought it was important for me personally to come here and see that the facility was ready—
That's the facility you're now not proceeding with. It doesn't sound important.

Senator Cormann: We needed to make sure the facility was ready in order to protect our borders, but, if we are re-elected, it will no longer be required, because people smugglers will know that what we've done over the last six years is what we will continue to do into the future—that is, to make sure that the boats don't start coming again.

Senator KITCHING: Of the few hours that he was on Christmas Island and spent—how much was it?—$128,000 or something—

Senator McALLISTER: The media report says 30 minutes. A few hours sounds generous. We can't tell, because we can't get an answer on that.

Senator KITCHING: Did he personally inspect the facility to make sure it was suitable for purpose?

Senator Cormann: I wasn't on the visit, but, if you want to have a blow-by-blow description of every step that the Prime Minister took on Christmas Island on that day, I'm happy to get that for you, on notice.

Senator KITCHING: How was that ensuring that the borders were safe given that in December the ABF had lower deployability of its vessels?

Senator Cormann: Firstly, in the wake of the passage of the Medivac legislation, the advice to the government—the very clear, unambiguous and unequivocal advice to the government—was that we needed to make a decision to reopen the Christmas Island detention centre. Secondly, the Prime Minister's visit to Christmas Island helped to send a very strong message into the region, in particular to people smugglers who might have thought that they had an opportunity here to start their vile trade again, that our government remain resolutely committed to doing everything we can to protect the integrity of our borders. The Christmas Island detention centre is a very central part of protecting Australia from the increased risk that Australia was exposed to as a result of that legislation passing the parliament.

Senator KITCHING: If you were truly serious about this, wouldn't you have not wasted the money on this press conference, but rather have spent the money on the ABF, so that the ABF didn't have to come back to estimates, having corrected their evidence, because in fact there was lower deployability of their vessels in December. This is all just a stunt by the Prime Minister.

Senator Cormann: Under our government—our track record is there for all to see—all of our relevant national security related agencies have all of the resources they need to keep Australia safe and secure. Obviously, we are always open to receiving advice about what other resources might be required in order to ensure that Australia remains as safe and secure as possible into the future. But we can walk and chew gum at the same time. We can make sure that our law enforcement and national security agencies are appropriately well resourced, as well as making sure that we use the Prime Ministerial megaphone to send a very clear message to people smugglers in the region that this government remains resolutely committed to doing everything it can to protect the integrity of our borders and to ensure that the boats don't start coming again.

Senator McALLISTER: May I have the call, Chair?
CHAIR: You certainly may.

Senator McALLISTER: I want to change the subject to something quite different, which is the cost of the capital measure around the refurbishment of CPO suites.

Ms Foster: I'm just getting Ms Tressler to come up—our COO.

Senator McALLISTER: We talked about this at additional estimates. Can we have an update on the MYEFO capital measure which involved that refurbishment, Ms Tressler?

Ms Tressler: Sure. I'm just wondering what sort of update you were looking for on that.

Senator McALLISTER: There was a MYEFO capital measure that involved a refurbishment. Has that refurbishment commenced?

Ms Tressler: Yes. In relation to the funding that we received for the Sydney CPO, that work has now been completed, and it involved mainly installing video conferencing facilities. In relation to the funding received for the Melbourne CPO, our scoping work is still underway on that.

Senator McALLISTER: Are there any refurbishments in Parliament House itself, here in Canberra?

Ms Tressler: No.

Senator McALLISTER: So nothing taking place in Parliament House?

Ms Tressler: I just want to check that, just in case there was something being done in the Parliament House briefing room. But we'll check that and get back to you.

Senator McALLISTER: If you could. Have any changes to the Prime Minister's office been requested, or to the adjoining suites, including the cabinet suite?

Ms Tressler: Not to my knowledge, but we will just double-check that.

Senator McALLISTER: When you're checking that—

Senator Cormann: Is that your version of measuring for curtains and carpets and the—

Senator Wong: Oh, come on, Mathias.

Senator McALLISTER: It's trying to understand expenditure, actually.

Senator Wong: It's a question about expenditure.

Senator Cormann: It sounds like measuring for curtains and carpets to me.

Senator McALLISTER: It's a question about expenditure and holding a reckless government to account, actually.

Senator Wong: You've got to be kidding. You guys are really losing it.

Ms Tressler: I can confirm that there was nothing being done in Parliament House. The CPO refurbishments related to the CPOs.

Senator McALLISTER: Right. And there have been no changes undertaken in the Prime Minister's office?

Ms Tressler: No.

Senator McALLISTER: No. All right. Chair, that's all I've got on that topic.

CHAIR: It's two minutes before the scheduled break, so why don't we go to the break now.
Proceedings suspended from 10:28 to 10:47

CHAIR: The committee will now resume. Senator Wong.

Senator WONG: I want to go to the issue of One Nation preferences. Senator Cormann, on some occasions when questions have been asked about One Nation preferences—at media conferences et cetera—there's been a discussion about this being an issue for the Liberal Party. But the Prime Minister eventually made some decisions about One Nation preferences. I actually want to go to the involvement—

Senator Cormann: Can I just pause you here. These are the estimates for the 2019-20 budget, and this is the Prime Minister's portfolio.

Senator WONG: I'm about to ask a question that—

Senator Cormann: These are not estimates on the Liberal Party.

Senator WONG: You haven't heard a question, so I don't know how you can tell me—

Senator Cormann: Well—

Senator WONG: Can I finish the question.

Senator Cormann: your preamble just seems to indicate—

Senator WONG: I'm being polite.

Senator Cormann: you want to ask questions about something that is not—

Senator WONG: Can I ask the question?

CHAIR: Thanks, Minister. Let's—

Senator WONG: You can't rule till I ask the question.

CHAIR: Order! Let's hear the full question from Senator Wong, and then we'll determine whether it's relevant or not.

Senator WONG: I want to go to a public media report about a cabinet discussion in relation to this issue. I want to ask you whether or not there was, in fact, as reported by Katharine Murphy on 28 March in The Guardian, a cabinet discussion, of which you were a part, about One Nation preferences.

Senator Cormann: You know I can't answer that question because of cabinet confidentiality provisions. But let me just say that that report was wrong.

Senator WONG: The report says, 'Morrison had a’—

Senator Cormann: Just let me finish—

Senator WONG: No, hang on, you've just made an assertion—

CHAIR: Hang on—

Senator Cormann: I'm finishing my answer. I'm qualifying my answer and I'm explaining my answer. As the Prime Minister has made very clear on the public record, preference decisions by political parties are not matters for the government. They're not matters for the Prime Minister. They're not matters for cabinet ministers. They're matters for party political organisations. In the same way as the Leader of the Opposition is also, quite separately, the Leader of the Labor Party, the Prime Minister, separate from his position as Prime Minister, is the leader of the federal parliamentary Liberal Party. Within the confines of the Liberal Party, in the same way as within the confines of the Labor Party, you'd expect conversations about
party matters to take place. These are not matters for cabinet. In terms of the Liberal Party, these are matters for the Liberal Party, and these are not matters that are matters for this committee.

Senator Wong: The report says:

After Tuesday's cabinet meeting, the prime minister asked Liberals to stay behind after the regular discussion had concluded to discuss One Nation preferences.

It is asserted that in that meeting you suggested that the Liberals keep One Nation off how-to-vote cards in the Senate but that it did not resolve the issue of the lower house. Mr Frydenberg is asserted to have issued something of a 'general rebuke'.

Senator Cormann: The story, in the way you've just quoted it, actually makes the point that it was not a cabinet discussion—

Senator Wong: I haven't asked a question, so I don't know what you're responding to—

Senator Cormann: I'm responding to the fact that you're asking about matters related to the Liberal Party; they're not matters for this committee.

Senator Wong: I haven't asked anything. I've read to you a quote. I'm asking whether or not there was in fact a meeting at the conclusion of the formal cabinet meeting and what the status of that meeting was.

Senator Cormann: This is not a committee to inquire into the affairs of the Liberal Party, in the same way as, under your government, this is not a committee to inquire into the affairs of the Labor Party.

Senator Wong: Let's confirm that. Did this meeting occur in the cabinet room after the formal cabinet meeting?

Senator Cormann: I don't have anything further to add.

Senator Wong: Were officials present?

Senator Cormann: I've got nothing further to add. You're asking me questions about something that is not related to the affairs of this committee.

Senator Wong: Well, was it a cabinet meeting or was it not a cabinet meeting?

Senator Cormann: I've answered that question.

Senator Wong: So you have or you haven't? What did you say?

Senator Cormann: I'm not commenting on cabinet deliberations, but what I would say to you, in the broad, is that the matters that you're asking about are not matters for government; they're matters for party political organisations.

Senator Wong: I want to confirm that the meeting that occurred is in fact such a meeting. It's one thing to say, 'It was a cabinet meeting, and I'm not going to discuss cabinet deliberations.' It's another thing to say, 'It's a Liberal Party meeting.' Was it a cabinet meeting or a Liberal Party meeting?

Senator Cormann: I'm not talking about cabinet meetings and I'm not talking, in this committee, about Liberal Party matters.

Senator Wong: The report referred to a meeting occurring after cabinet, where cabinet ministers discussed the issue of One Nation preferences. Was that a formal cabinet meeting or a political meeting?
Senator Cormann: I don't have anything further to add.

Senator WONG: Have you initiated police investigations to find out how it was leaked if it was a cabinet meeting?

Senator Cormann: I don't have anything further to add.

Senator WONG: Wow, you really don't want to talk about this.

Senator Cormann: My answers are very clear.

Senator WONG: You really don't want to talk about this.

Senator Cormann: I'm not talking about—

Senator WONG: Did you assert—

Senator Cormann: At the meeting of Prime Minister and Cabinet—I'm not going to talk about matters that are alleged in relation to internal party matters.

Senator WONG: Have we established it's an internal party matter, or was it a formal cabinet meeting?

Senator Cormann: I'm not talking to you about formal cabinet meetings.

Senator WONG: Was it a cabinet meeting or not?

Senator Cormann: I've answered that question.

Senator WONG: And you won't tell me if officials were present or not?

Senator Cormann: I'm not talking about cabinet meetings, but this is not a matter that is a matter for cabinet. I've been extremely clear that this is a matter that is—

Senator WONG: So is the public report that you suggested keeping One Nation off the Senate how-to-vote cards but that it didn't resolve the issue of the lower house correct?

Senator Cormann: You should never assume—you should never believe everything that you read in the newspaper, or even online.

Senator WONG: In this political meeting, is the assertion that Mr Dutton was worried about the electoral fall-out in Queensland if the Liberals shunned One Nation correct?

Senator Cormann: Here we are, in the shadow of an election, after a very important budget and all the Leader of the Opposition in the Senate is doing is reading out an online news story. Is this really the best line of questioning in an estimates just before the election?

Senator WONG: Well, I think it's for—

Senator Cormann: You're essentially just reading out a news story that people that are interested in this sort of stuff have probably long read.

Senator WONG: Thank you for the advice about how to do my job. We actually think One Nation preferences are important, and I'm offering you the opportunity to either confirm or clarify whether Mr Dutton is actually opposed to One Nation being put last.

Senator Cormann: I'm not going to talk in this committee about internal Liberal Party matters, as I'm sure you would not talk about internal Labor Party matters.

Senator WONG: The implication was the Queensland organisation could easily go rogue. Was that something you were aware of at the time of this meeting?
**Senator Cormann:** All you're doing is continuing to read out an online news story that those with an interest in these matters, I'm sure, have long read.

**Senator Wong:** When did you first become aware of the possibility that Mr Morrison would actually change the Liberal Party's position?

**Senator Cormann:** This is not a matter for the Prime Minister and Cabinet.

**Senator Wong:** This is not a matter for government. Preference decisions are decisions made by party political organisations—

**Senator Wong:** When he made the announcement—was he in the Prime Minister's courtyard?—that he was going to require the Liberal Party—the Liberal Party, not the coalition, because you're letting the Nats do what they want—to preference One Nation and the Greens at the bottom of the ticket, was he not making that announcement as Prime Minister? He was only making it as Leader of the Liberal Party?

**Senator Cormann:** The Prime Minister has made very clear that there is a difference between his role as leader of the federal parliamentary Liberal Party and his role as Prime Minister, and this is not an issue for the government. This is not an issue for the Prime Minister. This is an issue for the Liberal Party and any statements in relation to preferences, as far as the Liberal Party are concerned, involve him as leader of the parliamentary Liberal Party.

**Senator Wong:** Except he doesn't stand up and say: 'I'm not speaking today as Australia's Prime Minister. I'm only speaking as leader of the—

**Senator Cormann:** He has actually made that very clear.

**Senator Wong:** Can I finish my question.

**Senator Cormann:** You make a false assertion.

**Senator Wong:** When he does a media conference and he announces the position on preferences, I don't think he begins the media conference with 'By the way, punters, by the way, everybody, I'm here today as the Leader of the Liberal Party and not as the Prime Minister of Australia.'

**Senator Cormann:** The Prime Minister made very clear that what he had to say in relation to Liberal Party preferences was said in his capacity as the Leader of the Liberal Party.

**Senator Wong:** Did the Prime Minister or his office engage in any discussion of which you're aware, Senator Cormann, about One Nation preferences at the time that the coalition made the decision to vote for the 'It's okay to be white motion' from Senator Hanson?

**Senator Cormann:** Firstly, the answer to that is no, and you know that was an accident. There was an administrative process failure, because a decision had actually been made by the senate leadership to oppose that motion. If it had come up at the appropriate time on 20 September, that is how we would have voted. In the end, as you also know, that is how we ultimately voted, because the erroneous vote in relation to that motion was corrected. The motion was resubmitted—the vote was resubmitted—and the Liberal-National parties voted against that motion. That is actually what the record shows.
Senator WONG: Can you confirm that the Attorney-General issued voting instructions to coalition senators to vote for the motion?

Senator Cormann: I'm not going to go into internal processes.

Senator WONG: Why did he do that?

Senator Cormann: I'm not going to go into internal processes. There was an administrative process failure that has been well and truly canvassed.

Senator WONG: I want to just check when the Prime Minister or his office first became aware of the allegations regarding One Nation and their links with the NRA.

Senator Cormann: Sorry, say that again?

Senator WONG: When did the Prime Minister or his office first become aware of the allegations of the links between One Nation and the NRA?

Senator Cormann: I'll have to take that on notice, but, as far as I am personally concerned, it was when the material appeared in the media that morning before the full story appeared.

Senator WONG: Was the Prime Minister's office made aware of the allegation by way of being approached for comment prior to the story being aired or published?

Senator Cormann: Not that I'm aware, but I'll have to check that.

Senator WONG: Mr Morrison took some time to respond. So we had quite a long period of time where a number of Liberals—didn't Mr Barnett say that the deal that had been done by the Liberals with One Nation in WA was one of his greatest regrets?

Senator Cormann: I'm not sure—

CHAIR: I'm not sure that relates to the estimates.

Senator WONG: So, we have a series of—the Prime Minister refuses to make a decision about One Nation preferences. There's quite a lot of pressure, and calling for it publicly, including from senior Liberals. I was giving you the context because I think the former Liberal premier, whom you obviously know, as a Western Australian, was amongst them; Mr Kennett was amongst them, and I think Mr Turnbull was amongst them. The Prime Minister's resisted that. We then have the Al Jazeera story, and then it's a number of days before Mr Morrison responds, and he makes this statement:

I have left it for a few days to see what the response of the One Nation leadership would be and sadly, I'm disappointed …

Why did he leave it for a few days before he made a decision?

Senator Cormann: As I've indicated to you, preference matters are matters for party organisations, and any statements in relation to preferences are made by Mr Morrison as the leader of the Liberal Party. This is not a committee into the Liberal Party.

Senator WONG: Well, the parliament doesn't recognise—ministers are allowed to be asked; it's specific in the standing orders—about public statements they made. There's not a little footnote in the standing orders that says 'except when speaking as a member of a party'. The Prime Minister has made a public statement, and I'm asking you about it as the minister representing.
Senator Cormann: I'm not inside the Prime Minister's mind, but I do know that he has made certain statements in relation to the Liberal Party's intention when it comes to One Nation preferences, which are on the public record and clear for all to see. But these are not matters—I mean, I'm not going to canvass Liberal Party matters in this committee.

Senator WONG: Right. So, you're not going to respond to questions about why the Prime Minister, as he stated—I'm asking questions about his statement, perfectly within the standing orders—

Senator Cormann: I'm not inside the Prime Minister's mind.

Senator WONG: 'I've left it for a few days'—why did he leave it? Was it because he doesn't have sufficient authority—he had to land Queensland first?

Senator Cormann: I'm not inside the Prime Minister's mind.

Senator WONG: It might be a little more ordered if you were! Former Prime Minister Abbott has said:

I would certainly put One Nation above Labor and the Greens because, let's face it, we have been able to work constructively in the Senate with One Nation.

Does the government endorse the former Prime Minister's comments?

CHAIR: I'm not sure what that has to do with the estimates.

Senator WONG: I'm asking the minister the question.

CHAIR: Yes, and it's my job as chair to make sure that the questions are relevant to the estimates.

Senator WONG: Read the statement that you made at the outset. I'm asking him the question; I'm not asking a public servant the question.

CHAIR: Yes, I'm well aware of that, but the questions do have to relate to the estimates and operations of the departments before us, and I'm not sure—

Senator WONG: Where does it say that? It's the functions of government. Where does it say that I have to—

CHAIR: Well, it's read out at the beginning of every estimates.

Senator WONG: Yes. Well, go back to it. So, you don't want to answer whether or not Mr Abbott is—

Senator Cormann: I'm not going to answer questions about Liberal Party matters.

Senator WONG: It was about the government.

Senator Cormann: That's not right. You wrongly assert that. This is not a matter for the government.

Senator WONG: The government—'We have been able to work constructively in the Senate with One Nation.' Is that your view, as Leader of the Government—you've been able to work constructively with One Nation?

Senator Cormann: Well, as Leader of the Government—and I've said this on many occasions—my job is to help facilitate passage of the government's agenda through the Senate. And whenever Labor and the Greens oppose important measures that we pursue—for example, income tax relief for hardworking families—then we of course need to find a
consensus with sufficient senators on the crossbench, and in that context of course we work with all the senators the Australian people have elected. That is what Australians expect us to do, and in that context we've also worked with One Nation senators in securing very important outcomes through this parliament that otherwise the Labor Party would have been able to block. The Labor Party would have been able to block income tax relief for hardworking families if we hadn't worked with all senators the Australian people elected to this parliament, as Australians would expect us to do.

Senator WONG: Okay. Well, as part of your working with One Nation: Senator Hanson handed out an $8.9 million cheque to the Ipswich Show Society. There's a lovely picture of her holding one of those big cheques. So, this is her making a government announcement.

Senator Cormann: No, she's not making a government announcement.

Senator WONG: It's an $8.9 million grant that she announces. It's here; she announced it. Did you let her do that?

Senator Cormann: That was not a decision of the government, and it was not an event organised by the government.

Senator WONG: Hang on—

Senator Cormann: We don't control what individual members of parliament might do as part of their electorate activities.

Senator WONG: Did you fund $8.9 million for the Ipswich Show Society for a convention and exhibition centre?

Senator Cormann: The government agreed to provide a grant to this community organisation. The government did not facilitate the announcement.

Senator WONG: No, you just facilitated $8.9 million for her.

Senator Cormann: As we said on the public record, back at the time—and I think this was a few years ago now—of course. This is incidentally the same processes that applied when you were finance minister. I've certainly got a long list in front of me—

Senator WONG: I never—One Nation—

Senator Cormann: I've got a long list of grants that were provided to community organisations, for Mr Wilkie's electorate for example.

Senator WONG: One Nation announcing government funds as part of a dirty deal—

Senator Cormann: That should not have happened.

Senator WONG: Give us a break!

Senator Cormann: That is not something that we—

Senator WONG: It's $8.9 million of taxpayer funds as part of a dirty deal to get their vote, and you think that's fine?

Senator Cormann: I reject that.

Senator WONG: Which bit do you reject? You do a deal with them, and, as part of the deal, you fund an $8.9 million grant, which they then announce. Not members of the government, but One Nation people—

Senator Cormann: They should not have announced it.
Senator WONG: announce money that you've agreed to give them in order to buy their votes. How is that okay?

Senator Cormann: I completely reject that.

Senator WONG: Which bit do you reject?

Senator Cormann: Let me just remind you, under the Gillard government—I mean, I've got a long—

Senator WONG: Which bit do you reject?

CHAIR: Order! Senator Wong, please allow the minister to answer the question. You've already asked it five times.

Senator WONG: One Nation!

Senator Cormann: The government, in the Senate, works with the elected senators that the Australian people elected, in order to secure the passage of our agenda. In the course of those processes, as was the case under your government, individual members of parliament from time to time advocate for support for certain measures that are important to them, and, as part of reaching a consensus in the parliament from time to time, the government agrees to proposals that are being put forward by other members of parliament. Again, at the top of my mind, the number of grants that ran into Mr Wilkie's electorate during the period of the Gillard government was quite unbelievable, and I'm quite happy to table them in this committee, if you would like—many of them funded through the advance to the finance minister, incidentally, at the time. So there's nothing unusual in elected governments working with crossbenchers, even as required, in order to facilitate passage of legislation through the parliament.

Senator WONG: These people peddle race hate. Let's be clear.

Senator Cormann: So what you're suggesting is that, over the last six years, when the government didn't have the majority in the Senate, we should have allowed the Labor Party and the Greens to issue a veto against any part of our agenda, because you blocked a whole lot of things that we had a mandate for.

Senator WONG: Yes, we blocked the 2014 budget, that's true—

Senator Cormann: We had a mandate from the Australian people—

Senator WONG: Guilty for blocking $70 billion of government cuts to health and education.

Senator Cormann: You wanted to block income tax relief for hardworking families.

Senator WONG: We blocked a massive tax cut for the big end of town—

CHAIR: Order!

Senator WONG: Guilty! There's a difference between the negotiations which are associated with legislation and giving people who peddle race hate taxpayer funds to announce. Do you still have an arrangement? Does the Morrison government have any arrangement with Senator Hanson and One Nation, where they are able to announce government money?

Senator Cormann: There has never been such an arrangement. Obviously, in relation to specific measures that are important in the national interest, we work with the parliament that
the Australian people elected. Obviously, if we want non-government members of parliament to listen to what we believe is important, we need to listen from time to time to what non-government members think is important. Ideally, we find a consensus, which we have on a number of occasions, which have advanced the public interest. That happened under your government; it happened under our government. We don't have an option to ignore the parliament that the Australian people elected.

Senator WONG: No, but you have an option in how you deal with them. You can try and keep them out of the parliament. You can take them on. You can campaign against them. You can point out to Australians not only the extremist ideas that they peddle, but that they have some pretty kooky ideas too, and that they approached a foreign entity in order to try and water down Australia's gun laws.

Senator Cormann: Obviously, I was—

Senator WONG: That's one way to deal with them. The other way is to give them money, I suppose.

Senator Cormann: Hang on. Firstly, I and the government obviously were completely unaware of the events that have since been reported on the Al Jazeera network. Secondly, I am disappointed, I have to say, and I'm disappointed on a personal level. Given the great bipartisanship that was demonstrated this week to fight back in relation to absolutely inappropriate racial hatred, vilification and so on, I'm very disappointed that you would pursue a line of questioning like this, questioning our commitment to social cohesion and multicultural harmony in our country.

Senator WONG: OK, I'll respond to that. I don't think taking on Fraser Anning for the disgusting things he says is the only measure of whether or not you're actually prepared to stand up against extremism, hatred and for values of acceptance. I think the way your government has cuddled One Nation, and the Liberal Party has failed to reject—

CHAIR: Senator Wong, this is not the forum—order!

Senator WONG: I'm responding to an accusation which you should let me respond to.

CHAIR: Senator Wong, this is not the forum for an exchange—

Senator WONG: I think that I am deeply disappointed that you, plural, are not honouring—

CHAIR: Senator Wong, this is well debated in the chamber—

Senator WONG: the best traditions of the Liberal Party.

CHAIR: this week—

Senator WONG: And yes—

CHAIR: and this is not the right forum for speeches.

Senator WONG: I think you have cuddled up to them and I think you're regretting it now.

CHAIR: Senator Wong, please ask questions rather than deliver speeches.

Senator WONG: So he's allowed to and then, when I respond, you're going to have a go at me.

CHAIR: As you well know, Senator Wong—
Senator WONG: So he's allowed to—
CHAIR: your role is to ask questions in estimates, and the minister's role is to answer questions.
Senator WONG: Right, so he's allowed to have a go at me and then when I defend myself and point at—
CHAIR: Senator Wong, I think there's been a fair bit of to and fro.
Senator WONG: Why don't you start behaving fairly, okay?
CHAIR: Senator Wong, I think I have been fair.
Senator WONG: If you're going to let him do it, interrupt him.
CHAIR: I won't let any senator on this side—
Senator WONG: Well, you did.
CHAIR: of the table give a speech.
Senator WONG: You just did.
CHAIR: Senator Wong, I said on this side of the table—
Senator WONG: Come on.
CHAIR: because on this side of the table it's our job to ask questions.
Senator WONG: Has a go at me, I respond and then you ping me?
CHAIR: Senator Wong, this is not the forum for—
Senator WONG: Ping him as well then, mate.
CHAIR: Senator Wong, it's his role to answer questions.
Senator WONG: But he didn't answer a question; he had a go and I responded so—
CHAIR: Well, then ask another one rather than delivering your own speech.
Senator WONG: If you let him have a go, you let me have a go back.
CHAIR: Senator Wong, no, that's not how it works.
Senator WONG: That is how it works, or you ping him as he speaks.
CHAIR: No, Senator Wong, that's not how it works—
Senator WONG: You've cuddled up to them.
CHAIR: as you well know.
Senator WONG: You've cuddled up to them and now you're regretting it, and I will continue. I have been consistent on this for 20 years or more. I have been consistent, and so has the Labor Party, and you guys are just working out that they're cannibalising you and the country.
Senator Cormann: We have a job to do in this parliament to progress the government's economic—
Senator WONG: You'll deal with anybody as long as you get a vote.
Senator Cormann: and national security agenda through the parliament, and we were not prepared to give the Labor Party and the Greens a veto over our agenda that we took to the last election and that you sought to block.
Senator WONG: So can we just confirm: has she got anything else to announce between now and the election that you've agreed with her?

Senator Cormann: No.

Senator WONG: Can I go to ministerial resignations. Mr Morrison held a press conference on 2 March 2019 in which he announced the resignations of Mr Pyne and Mr Ciobo and the appointment of Senator Reynolds. Can you tell me when Mr Morrison was first informed by Mr Pyne that he was planning to resign from the parliament?

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

Senator WONG: When did you know?

Senator Cormann: I would have known a few days before it went public.

Senator WONG: And when did Mr Ciobo first tell the Prime Minister that he was going to resign?

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

Senator WONG: Was the Prime Minister informed before or after the story was reported to the press earlier that week—for example, the fact that there was a report that Minister Ciobo and Minister Pyne would resign? I think it ran in a number of papers, but it certainly ran in the South Australian *Advertiser* the day before.

Senator Cormann: I'll have to find out—I mean I'll have to find out the sequence.

Senator WONG: Clearly, there were a lot of leaks prior to the Saturday—sorry.

Senator Cormann: I was waiting for the end of the question.

Senator WONG: No. I was being polite. You were reading a piece of paper handed to you—

Senator Cormann: No. I was waiting for the question. I was just politely sitting back.

Senator WONG: On the Friday, the day before the Prime Minister's announcement or confirmation, there were numerous articles. Mr Pyne did a Pyne and Marles show, which I have to confess I've never watched but they enjoy it.

Senator Cormann: I think that people would quite enjoy Cormann and Wong show. We should try and pitch. I think we could have a lot of fun.

Senator WONG: With all due respect to Sky, I doubt it. Can we get off this please? That was disarming, now I can't recall where I was.

Senator Cormann: Mission accomplished!

Senator WONG: Gripping television. I'm told that there was a lot of ducking and weaving and double entendres on the Pyne and Marles show, so obviously this news is out. Why is it held to the Saturday? Why did the Prime Minister not want it announced on Saturday?

Senator Cormann: I don't know the answer to that, but I'm happy to ask the Prime Minister on your behalf and provide you an answer on notice.

Senator WONG: Okay. It was reported in *The Advertiser* that Mr Ciobo had actually prerecorded a television interview in which he confirmed his retirement.

Senator Cormann: We're talking about former Minister Ciobo now?
Senator WONG: Yes. It's asserted the day before the Prime Minister confirms this. It's reported that Mr Ciobo had prerecorded a television interview in which he confirmed his retirement. Were you aware of that?

Senator Cormann: I was not aware of the media sequencing of former Minister Ciobo, no.

Senator WONG: When did the Prime Minister become aware of this alleged prerecorded interview?

Senator Cormann: I'll have to take that on notice. I was not close to that sequence of events. There was a series of decisions. Because former Minister Ciobo also immediately stepped down from cabinet there was also the related decision to appoint a new cabinet minister and making the arrangements for the relevant swearing in. So, in the context of those announcements, there was a series of parallel processes taking place, and I just assume that the timing of announcements is related to that.

Senator WONG: Was PM&C ever aware of a prerecorded interview in which Mr Ciobo announces his resignation?

Ms Foster: No.

Senator WONG: Senator Cormann, was Mr Ciobo asked to hold his announcement by the Prime Minister—

Senator Cormann: I'm not aware. Again, I'm happy to take that on notice.

Senator WONG: It just seems odd. If it's all reported Friday, the Prime Minister's dodging questions and Mr Ciobo has allegedly—I don't know this, this is the only newspaper report I've been given—prerecorded an interview in which he confirms his retirement. He's got a prerecorded interview. There's lots of speculation. Mr Pyne is enjoying a lot of attention about being asked it and no announcement until Saturday. Did the Prime Minister or his office ask them to hold the announcement?

Senator Cormann: Again, you're asking me to speculate in relation to events that I was not directly involved in, but—

Senator WONG: But you're here representing the Prime Minister.

Senator Cormann: Sure. And I'm doing the best I can to be helpful, as I always endeavour to do. As I've pointed out to you, it wasn't just a matter of dealing with the announcements of retiring ministers; it was also a matter of dealing with the appointment of a new minister in Senator Reynolds to the defence industry portfolio. There were obviously a whole series of parallel processes involved in relation to all of this. I'm assuming that the timing of relevant announcements was related to that, but I'm happy to see whether I can get better information for you on notice.

Senator WONG: I appreciate that. Let me go through and be very clear about the questions I'm asking. Given the public report or reports that Mr Ciobo had prerecorded a television interview in which he confirmed his retirement: first, was Mr Morrison or his office aware of this prerecorded interview? Second, was Mr Morrison aware of this interview when he did a doorstop later on that same day in which this media report appeared where he dodges questions? He is asked: 'Have you asked Steve Ciobo to delay his announcement until tomorrow?' He says: 'No, I talk to them all the time'. Had he already asked him to delay it?
Senator Cormann: Sorry, I thought you were just repeating the questions that you wanted to make sure I took on notice. I've provided—

Senator WONG: All right, so you've taken that one on notice.

Senator Cormann: I've answered to the extent I can.

Senator WONG: We've got a newspaper report in the morning—well, quite a few newspaper reports—a specific one about a prerecorded interview, and Mr Morrison is asked whether he has asked Mr Ciobo to delay his announcement, and he dodges the question.

Senator Cormann: That's your characterisation.

Senator WONG: When asked, 'Have you asked Steve Ciobo to delay his announcement until tomorrow?' he says, 'No, I talk to them all the time'. It's not exactly an answer, is it. When were you aware of Mr Ciobo resigning from the cabinet—that he intended to?

Senator Cormann: I honestly can't recall. I would have read the same speculation that everybody read, and I would have become aware of it around about that time. As to when precisely, I honestly can't recall.

Senator WONG: Did Mr Ciobo offer to stay in the role until the election, as Mr Pyne and Ms O'Dwyer did?

Senator Cormann: I'm not aware. Obviously, Mr Ciobo made a decision to step down and he was replaced by Senator Reynolds.

Senator WONG: Did he offer to stay in the role, or not?

Senator Cormann: I'm not aware.

Senator WONG: He obviously wasn't asked by the Prime Minister to stay in the role until the election?

Senator Cormann: I'm not aware.

Senator WONG: Can you tell me why he wasn't asked but the two others were?

Senator Cormann: I'd have to ask the Prime Minister.

Senator WONG: When did Mr Morrison first approach Senator Reynolds about her possible appointment as a minister?

Senator Cormann: I'll have to take that on notice.

Senator WONG: When were you first aware?

Senator Cormann: Around about the time—shortly before the announcement was made.

Senator WONG: After Mr Ciobo and Mr Pyne's resignations were public?

Senator Cormann: I can't recall the sequence.

Senator WONG: The department does have a role in facilitating the administration of—

Senator Cormann: Sorry to interrupt; I should say, as I've indicated before, there would have been a series of processes running in parallel, given that there was a retirement announcement, a resignation from cabinet and an impending appointment. So there would have been processes happening in parallel around about the same time.

Senator WONG: What are some of the parallel processes?
Senator Cormann: If you've got somebody who has advised of their intention to retire at the next election and to step down from the cabinet, then the Prime Minister, at that point in time, has to make a decision on who to appoint to the cabinet to fulfil the role and has to make arrangements for the appointment to take effect, like through the swearing-in by the Governor-General and things of that nature.

Senator WONG: Yes, I'm about to ask about that.

Senator Cormann: You're asking me, was it after they became public officially—from recollection, I think that the announcement to appoint Senator Reynolds into the job coincided with the announcement in relation to the departure of Minister Ciobo, so these processes would have happened in parallel.

Senator WONG: Can we talk about the parallel processes? What can you tell me, Ms Foster?

Ms Foster: As you know, we have a role in progressing the paperwork both to revoke ministers' appointments and to appoint new ministers. So we did that by progressing the resignation of Minister Ciobo as Minister for Defence Industry on 1 March and the appointment of Senator Reynolds as Minister for Defence Industry and Minister for Emergency Management and North Queensland Recovery on 2 March.

Senator WONG: Let's just do this: when were you first advised of Mr Pyne's resignation?

Ms Foster: It would have been, I think, on 1 March or 2 March.

Senator WONG: Before or after the Prime Minister's public announcement?

Ms Foster: I can't recall. The reason I'm hesitating is that I was actually not in Canberra on 1 March. I can ask Mr Reid to come and help me.

Senator WONG: That would be good. 1 March was a Friday and 2 March was a Saturday, and 2 March was when the announcement was actually made, I think. Is that right?

Ms Foster: The reason I'm hesitating is that Minister Pyne was not resigning from his ministerial portfolio at the time; he was simply announcing his intention not to recontest.

Senator WONG: Correct.

Ms Foster: We had no role in that. I think we found out when it was public, and that would be appropriate.

Senator WONG: But he had to be sworn in—it probably demonstrates Mr Ciobo's role was probably not a cabinet role, but that's another discussion. He had to be sworn into Mr Ciobo's portfolio as a consequence of Mr Ciobo's announcement, no?

Ms Foster: It was Senator Reynolds who was sworn in.

Senator WONG: I thought there were some responsibilities Minister Ciobo had that went to Mr Pyne, no?

Ms Foster: There was nothing that needed swearing. It may be—and I'm trying to remember now—

Senator WONG: Yes, that is probably correct.

Ms Foster: that because he was already sworn to the portfolio, he could take additional responsibilities.
Senator WONG: Okay. When was PM&C aware of the resignation of Mr Ciobo?

Ms Foster: On the morning of 1 March.

Senator WONG: That was the first time you were aware?

Ms Foster: That's right.

Senator WONG: Who was advised and by whom?

Ms Foster: I was advised by the Prime Minister's chief of staff for the purpose of starting to prepare the necessary paperwork.

Senator WONG: Were you advised at that point that Senator Reynolds would be appointed?

Ms Foster: No, I wasn't.

Senator WONG: Were you advised there would be an appointment?

Ms Foster: Not at that time. My memory is that I was simply advised that Minister Ciobo would be resigning and that we would need to be ready to progress any arrangements that needed to be made.

Senator WONG: What arrangements, at that point, were undertaken on 1 March?

Ms Foster: That's as we start to prepare the paperwork for the revocation of Minister Ciobo's ministerial appointment.

Senator WONG: What time on 1 March was this?

Ms Foster: My memory is it was sort of mid-morning.

Senator WONG: So the Prime Minister dodges questions about Mr Ciobo and Mr Pyne's resignation on the same morning as his chief of staff is already ringing PM&C to progress the resignation? That's probably not a question for you, Ms Foster. Mr Reid, how did you become aware?

Mr Reid: I became aware when either Ms Foster or Dr Parkinson called me that morning. I correct myself: it was Ms Foster.

Senator WONG: There are many things I could say, and I'm not going to say any of them. What did you do?

Mr Reid: As Ms Foster outlined, we commenced the machinery paperwork for the revocation of Mr Ciobo and we prepared for an appointment which we assumed we would be required to be doing.

Senator WONG: Did you assume that there would be the appointment of another minister?

Mr Reid: At that point—this was the Friday morning—we were just trying to prepare for all contingencies.

Senator WONG: When did you become aware it was Senator Reynolds?

Mr Reid: During the afternoon.

Senator WONG: Of 1 March.

Mr Reid: It might even have been quite late afternoon. I can't quite recall.

Senator WONG: Were there any other names mentioned to you?
Mr Reid: No.

Senator WONG: Were there any other candidates for replacement that were discussed with you, Senator Cormann?

Senator Cormann: You would not expect me to answer that question.

Senator WONG: No, probably not, but I thought it was worth having a go. Did Mr Pyne offer to stand down? That's to you, Senator Cormann.

Senator Cormann: I am not aware of the conversation.

Senator WONG: I just don't quite understand what the government's asserted difference is. Mr Pyne and Ms O'Dwyer—cabinet ministers, not recontesting—will stay in the parliament until the election and will retain their cabinet ministerial position until the election. Mr Ciobo—cabinet minister, not recontesting—resigns from the ministry straightaway.

Senator Cormann: That is an accurate reflection of what has happened.

Senator WONG: Can you tell me why? Can the Prime Minister explain why?

Senator Cormann: These are the decisions that were made by relevant people. Former Minister Ciobo decided to step down and a reappointment was made subsequently. I'm not sure I can assist you any further here.

Senator WONG: Okay. I think Senator Kitching has a few follow-ups.

Senator KITCHING: Mr Reid, does the paperwork you just discussed around the revocation of a ministerial position, include a reminder to comply with the Statement of Ministerial Standards?

Mr Reid: Not in the revocation, but with all new ministerial appointments the practice is that the Prime Minister or occasionally his chief of staff will write to a newly appointed minister, identifying a range of probity related matters.

Senator KITCHING: I ask because clause 8.6 obviously discusses a post-ministerial career, perhaps. Senator Cormann, are you aware that all ministers will be complying with clause 8.6? It reads:

… Ministers will undertake that for an eighteen month period after ceasing to be a Minister, they will not lobby, advocate or have business meetings with members of the government, parliament, public service or defence force on any matters on which they have had official dealings as Minister in their last eighteen months of office.

Senator Cormann: As Mr Reid has indicated, that is provided to us as incoming ministers and, after an election, on reappointment is provided to us again. We are all aware of that specific obligation. Obviously, we are all expected to comply with it.

Senator KITCHING: We'll see what exciting post-ministerial careers they undertake.

Senator Cormann: Former ministers of both political persuasions do pursue post-political careers. I don't think you're suggesting that because you have been a minister you shouldn't be able to work.

Senator KITCHING: No, I'm not suggesting that.

Senator Cormann: Everybody who leaves this sort of job has to comply with that particular requirement in the Statement of Ministerial Standards. You're absolutely right to point that out.
Senator WONG: PM&C publishes the document Guidance on Caretaker Conventions. Can I start by confirming its status. It is bringing together, in a single document, guidance about principles and conventions which governments of both political persuasions have observed. Is that a reasonable—

Ms Foster: That's correct.

Senator WONG: So the status of this document is not a statutory code et cetera? It reflects principles that governments under the Westminster system have followed—

Ms Foster: By convention.

Senator WONG: Okay. I just want to make sure that we are clear about the purpose of it. The caretaker conventions go to trying to protect the democracy, and the ways in which they seek to do that are varied. They include how the Public Service should operate during the process, ensuring a government of the day is constrained from acting in a way that binds an incoming government and limits that government's capacity to act as a duly elected government. In other words, they're conventions which, in part, seek to constrain what the government of the day can do for a period of time, reflecting the people's decision in who they choose to elect at the election?

Ms Foster: They actually outline three key principles. The key principles are that the government avoids making significant policy decisions that would commit an incoming government, making significant appointments, or entering into major contracts or undertakings during the caretaker period. Of course, there are exceptions to that, which there's provision for.

Senator WONG: Sorry?

Ms Foster: Which there's provision for—so if, for example, there's a crisis situation which needs a response.

Senator WONG: In which case, there is meant to be consultation with the opposition of the day?

Ms Foster: That's correct.

Senator WONG: Can I first ask about significant appointments. Are you aware of how many appointments this government's made in the last few weeks?

Ms Foster: All the appointments are processed through cabinet, so we do have records of that.

Senator WONG: How many?

Ms Foster: I don't have the number with me.

Senator Cormann: We're not yet in a caretaker period.

Senator WONG: You're rushing through a slab of appointments to get them through before the caretaker period starts. It's impressive, the extent of efficiency—

Senator Cormann: We're making decisions as the elected government of Australia.

Senator WONG: You've been far more efficient about appointing friends and mates than you have about doing your budget.

Senator Cormann: I completely reject that political assertion.
Senator WONG: How many appointments have been made since the beginning of the year? You made five in one day last week. How many AATs—

Senator Cormann: Are you suggesting I shouldn't?

Senator WONG: How many appointments has cabinet processed since the beginning of the year?

Senator Cormann: We've taken that on notice.

Senator WONG: Ms Foster's probably got it. Why won't you let her answer?

Senator Cormann: I don't think that's right.

Ms Foster: Senator, I don't believe I have that information with me.

Senator WONG: You're rushing through release after release.

Senator Cormann: The appointments are actually announced, so you can count them if you want. We'll take it on notice.

Senator WONG: Not all of them.

Senator Cormann: It's not as if it's—

Senator WONG: Some of them just appear on your websites because you want to hide it.

Senator Cormann: I've issued all of my releases.

Senator WONG: Yes, you do.

Senator Cormann: There you go. I even email them to my friends in the Labor Party. I've put all of—

Senator WONG: I'm clearly not a friend!

Senator Cormann: Well, that means that somebody in your office must have taken you off my distribution list.

Senator WONG: I don't need to be on your distribution list; you are not the centre of the world! I'm making the point, though, that certainly, to deal with the fact that you can't do it in a caretaker period, ministers are being assiduous in making sure they appoint as many people as possible. Was there a discussion between ministers, Senator Cormann, about the need to get appointments processed before the election was called?

Senator Cormann: No, but we always, of course, make sure that the right people with the right set of skills and the right capacity to contribute are appointed into the variety of roles that need to be filled from time to time. It's a standard process.

Senator WONG: There's nothing standard about what we've seen over these last months.

Senator Cormann: That's your assertion. My assertion is that it's standard process.

Senator WONG: I've had public servants say to me that they have never seen this many appointments by government in such a short space of time ahead of an election. Canberra is rife with that sort of commentary. You have demonstrated the Liberal Party's very laser-like focus on making sure you appoint your mates.

Senator Cormann: That is your assertion. I reject it.

Senator WONG: It is, and I absolutely stand by it. Anyway, this will probably not be able to be done, but I do want to know how many appointments have been made since the beginning of the year.
Senator Cormann: We'll take it on notice.

Senator KITCHING: Ms Foster, you wouldn't have someone in the other room who could possibly go and tally those up?

Senator Cormann: Haven't you got someone in your office who could tally those up?

Senator KITCHING: No, I'd rather have the evidence from the department.

CHAIR: Senator Kitching, it has been taken on notice.

Senator WONG: She's allowed to ask that question.

CHAIR: She certainly is, and I'm assisting—

Senator Lines interjecting—

CHAIR: Senator Lines, I don't need your interventions either.

Senator KITCHING: How many people work in PM&C?

Ms Foster: It's roughly 500 or 600 in outcome 1, in the coordination function, that we're considering today.

Senator KITCHING: Could one of those 500 or 600 people go and tally up how many appointments have been made?

Senator Cormann: They will do that in the ordinary course of events when providing the answer to the question that we've taken on notice. That is the standard process under our standing orders.

Senator WONG: I want to ask some questions about paragraph 5.1, which refers to international negotiations. The paragraph says:

... The convention that the Government avoids entering major commitments during the caretaker period gives rise to particular issues in the context of international negotiations.

It then goes through various processes or propositions about that. Can you tell me what the scope of international negotiations is in this context? Would it include, for example, bilateral negotiations, discussions with particular partners?

Ms Foster: That's a reasonable proposition.

Senator WONG: I'm trying to clarify that the imperative behind the convention does not lend itself to a strictly legalistic understanding of what 5.1 means—that is, a formal, multilateral, UN negotiation—but would also refer to engagement and discussion bilaterally with friends and partners or others.

Ms Foster: As you've pointed out, it's written broadly and it would be interpreted on a case-by-case basis, as we typically do with conventions.

Senator WONG: For example, would it include discussions about Australian assistance to overseas humanitarian missions?

Ms Foster: I guess there are two parts to the answer: one is that, where the convention relates to the government, as opposed to, say, something a public servant might do, then I think the first port of call would be the government's reading of the convention, and the second part—

Senator WONG: Hang on. They're the government and they're in caretaker. Presumably the APS, which is charged with a particular role in our democracy, which I would suggest has
an elevated importance during the election period because of the transition between one executive government and another, whatever the political persuasion—surely your view about what comprises that would or should or could be the subject of advice?

Ms Foster: Yes, that's right.

Senator WONG: I'm asking whether you understand—PM&C's view—that the scope of this would extend to discussions to provide, for example, Australian assistance to humanitarian missions?

Ms Foster: The second thing I was going to say is that we would want to look at the whole issue. The kinds of considerations we would also look would be the extent to which something would be characterised as business as usual for a government and the extent to which it represented a policy shift or new policy, so I'm hesitant to give a generic answer.

Senator WONG: That's fair enough. So, for example, if there was a request for assistance in the context of an already-agreed government decision that had bipartisan support, or something, that would be a different thing to something which was a policy change and Australia was engaging internationally in a way that was different to what had previously occurred in a particular humanitarian operation or something similar?

Ms Foster: In the broad, yes.

Senator WONG: Is it your view that the international negotiations in paragraph 5.1 would extend to things like peacekeeping operations or other deployments?

Ms Foster: Again, rather than look at what kind of operation it was, I would look at the context—

Senator WONG: The how?

Ms Foster: around it.

Senator WONG: Like whether or not there's a shift? If there is a shift, would it be your view—your plural, PM&C's view—that 5.1 sets out the applicable principles?

Ms Foster: Again, I'm sounding very cautious, but it would depend on the circumstances of that, whether it was a minor change within a broad policy framework or whether it was a completely new policy.

Senator WONG: Have you provided any advice to government about the caretaker conventions in recent times?

Ms Foster: Yes, we have.

Senator WONG: Was that sought or initiated?

Ms Foster: The occasions I'm thinking of were sought.

Senator WONG: Recently?

Ms Foster: Yes, within the last few weeks.

Senator WONG: More than once, I think you indicated?

Ms Foster: Yes.

Senator WONG: And you're not going to tell me what aspects of the caretaker convention, I suppose?
Ms Foster: I think it was more broadly: what are they, how do they apply, can you help us understand them? It was an educative process.

Senator Cormann: A refresher.

Senator WONG: Who requested that?

Ms Foster: The chief of staff requested some briefing. That's one that I'm aware of. I'm pretty sure that one of my other staff, Mr Martin—and I'm happy for him to come to the table—also gave a briefing to the PMO more generally.

Senator WONG: Recently?

Ms Foster: Yes. Mr Martin runs our Ministerial Support Division, so that was more about: how does the mechanics of supporting an office during caretaker work?

Senator WONG: Do you want to add to that, Mr Martin?

Mr Martin: Yes, I did go and speak to the PM's office last week and described to them the nature of the services that would continue during the caretaker period in support of the Prime Minister's office, which is largely that the department continues to support the Prime Minister in the performance of his official role.

Senator WONG: I'll leave it at that. Thank you. I'll flick to my colleagues now.

Senator KITCHING: Can I ask you, Senator Cormann—and I know you have been asked this question before: why is Malcolm Turnbull no longer the Prime Minister?

Senator Cormann: Because a majority of members of the Liberal Party party room elected Scott Morrison as leader.

Senator KITCHING: I'm going to reference a number of articles by Peter Hartcher in the Sydney Morning Herald. Have you read them?

Senator Cormann: Not all of them. I've read excerpts that were drawn to my attention.

Senator KITCHING: Did you find them to be true?

Senator Cormann: No.

Senator KITCHING: Which parts aren't true?

Senator Cormann: I'm not going to provide a running commentary on commentary now. That is mostly based on—

 Senator KITCHING: Let me put some of these excerpts to you.

CHAIR: Senator Kitching, when you do so, it would be helpful to the committee if you could demonstrate how they're connected to the operations of the department or the expenditure of public funds.

Senator KITCHING: Yes, sure. The quote is:

... "only four people make this government work" ... Morrison, Dutton, Cormann and Pyne.

Is that correct?

Senator Cormann: I don't know who you are quoting.

Senator KITCHING: I'm happy to table the article.

CHAIR: That's not necessary. It's on the public record.

Senator KITCHING: I want the minister to have a copy.
CHAIR: You can provide him with a copy if you feel the need, but I don't think this is really relevant to estimates.

Senator KITCHING: Well, it is, because it goes to the actual process of this government and the fact that—

CHAIR: I'm looking forward to hearing those questions then.

Senator KITCHING: Okay. This is an article from 28 March last:

But until that fateful, final week in August 2018, Turnbull caught no hint of disloyalty from them. More than once, the prime minister would attest to them individually that "only four people make this government work" – he'd list Morrison, Dutton, Cormann and Pyne. Turnbull repeated this judgement in the final fortnight before all of them turned against him.

Is it correct that only four people make this government work?

Senator Cormann: I'm not going to comment on anonymous commentary.

Senator KITCHING: How many of them are staying on?

Senator Cormann: Our government works as a very effective team. Having inherited a weakening economy, rising unemployment and a rapidly deteriorating budget position from the Labor Party, as well as chaos and dysfunction at our borders, we've turned that situation around, to the point where, today, the economy is stronger, employment growth is stronger—

Senator KITCHING: If I were you, I would not go to borders, because Minister Dutton—

Senator Cormann: the unemployment rate is well below and it's reducing, and the borders are more secure.

Senator KITCHING: at a press conference, actually contradicted his department. So I wouldn't go to that.

Senator Cormann: This is a very effective government which has delivered good outcomes.

Senator KITCHING: There is another quote, from you.

Senator Cormann: There's definitely no quote from me.

Senator KITCHING: 'We don't know what Malcolm believes in.' Is that correct?

Senator Cormann: I have never said any such thing.

Senator KITCHING: Do you know what he does believe in?

Senator Cormann: I'm not going to go into a running commentary, but let me just say that that quote that is attributed to me is not a quote that should have been attributed to me, because it's not true.

Senator KITCHING: What about Prime Minister Morrison? Do you know what he believes in?

Senator Cormann: I can tell you what Prime Minister Morrison and former prime ministers Turnbull and Abbott believe in, and that is to give the Australian people the best possible opportunity to get ahead, by building a stronger economy, by creating more jobs, by driving the unemployment rate down, by making sure that the country is as safe and secure as possible. That is what, under our government over the last six years, we've worked on very, very hard. There is still more work to be done, and we will be asking the Australian people, at
this next election, for their trust and confidence for our government to continue and pointing out the risks of the alternative—the high-taxing, antibusiness, class warfare agenda of the alternative—which would make our economy weaker, which would make our country weaker and which would make Australians poorer.

Senator KITCHING: Is there anything that Mr Turnbull believed in that Mr Morrison doesn't?

Senator Cormann: Under our government—

Senator KITCHING: For example, climate change springs to mind. I don't recall Mr Turnbull coming into parliament with a lump of coal, for example.

Senator Cormann: The climate change policies of our government have been consistent all the way through.

Senator KITCHING: You've had 12 energy policies. Come on!

Senator Cormann: We signed on to the 26 per cent emissions reduction target in Paris under the Abbott government. It was our policy under the Turnbull government. It continues to be our policy under the Morrison government. Of course, we've had the Emissions Reduction Fund in place through the period of our government, which has been very successful in helping us meet our emissions reduction targets. You'd recall that, back in September 2013, we were actually running 755 million tonnes of CO2 behind meeting our 2020 Kyoto target. We are now running 367 million tonnes of CO2 ahead. We are on track to exceed our emissions reduction target for Kyoto 2020. Indeed, we have the plan to meet our emissions reduction target agreed to in Paris by 2030.

Senator KITCHING: I wasn't really asking that. I was asking, given that there's a quote, 'We don't know what Malcolm believes in,' that's been attributed to you—

Senator Cormann: I have never said that. I never said that.

Senator KITCHING: is there anything that Mr Turnbull believed in that Mr Morrison didn't? That's what I was asking. I'm not asking anything else.

Senator Cormann: You're asking questions based on a falsely reported quote. What I've said to you in response is that Malcolm Turnbull, like Scott Morrison—and remember Scott Morrison served as Treasurer in the Turnbull government and I served as finance minister under all three Liberal prime ministers. We believe in strengthening the economy so that all Australians, today and into the future, have the best possible opportunity to get ahead. We're achieving that through an agenda of lower taxes, more investment in infrastructure—

Senator KITCHING: Well actually—

Senator Cormann: a trade agenda that helps our exporting businesses get better access to—

Senator KITCHING: we'll get onto that in Finance. We're going to get onto that in Finance. The Reserve Bank's assistant governor—

Senator Cormann: key markets around the world—

Senator KITCHING: does not agree with you. She does not agree with you.

Senator Cormann: I haven't finished.

Senator KITCHING: I'm happy to give you a copy of her speech.
Senator Cormann: Chair, I haven't finished my answer.

CHAIR: Order! Senator Kitching.

Senator Cormann: What our government believes in—and what Malcolm Turnbull was extremely effective at as Prime Minister and what we are continuing—is ensuring that our economy is as strong as it possibly can be, including pursuing a trade agenda which helps Australian exporters get better access to key markets around the world. Indeed it was Prime Minister Turnbull who pressed ahead with the Trans-Pacific Partnership Agreement after the decision of the US administration to pull out from that agreement, even though the Labor leader at the time, and still the Labor leader today, was telling Australians we should just give up.

Senator KITCHING: We've been very steady and stable—I know it's shocking from your side of the table.

Senator Kitching: In a sense maybe that is the Labor Party's biggest problem, that you still have the same leader five and a half years later.

Senator KITCHING: I'm not sure that the conservative government is able to comment on leadership.

Senator McALLISTER: Should I understand from that answer that each of the three prime ministers that you referred to—Mr Abbott, Mr Turnbull and Mr Morrison—all believe exactly the same thing?

Senator Cormann: They all led a Liberal-National government that was committed to making the economy stronger, creating more jobs and helping to ensure that all Australians have the best possible opportunity to get ahead.

Senator McALLISTER: Is there anything different between them?

Senator Cormann: I'll leave that to the commentators. I'm not a commentator. I'm a participant in this process.

Senator McALLISTER: You're uniquely positioned to actually explain what the difference is and what the point of the change was, because it still hasn't been explained.

Senator Cormann: I'll leave it to the commentators to provide commentary. I'm obviously an active participant as part of this government which is focused on delivering the best possible outcomes for the Australian people and that is what we will continue to do if we're successful at the next election.

Senator KITCHING: These are quite beautifully written articles and I think go to the—

Senator Cormann: Don't believe everything you read in the newspaper.

Senator KITCHING: Shakespearean tragedy that is this government. 'By the time the election arrived the country had figured out the Faustian pact at the heart of the Turnbull government, to keep faith with the coalition's conservatives, he had broken faith—

CHAIR: Order, Senator Kitching. Order, Senator Kitching. This is not the forum to read out political commentary. Order!

Senator KITCHING: Well, I want to go to the—

Senator McALLISTER: Excuse me, Chair. I think you're overinterpreting the standing orders. Senator Kitching is making reference to public documentation—that's very common
across the estimates process—in order to ground a question to Minister Cormann. I would ask you to reflect on the ruling that you're making and the interference that you're running in terms of Senator Kitching's questions. She's perfectly entitled to ask these questions.

**CHAIR:** It's a sterling effort at defending Senator Kitching but I think everybody who's watching knows what Senator Kitching is doing; for her own amusement and to make political points she's reading out—

**Senator KITCHING:** No. It goes to—

**CHAIR:** Senator Kitching, I'll hear you after I've finished making my point. She's reading out media commentary for her own amusement and to make a political point at length which is not necessary in order to ask the questions she has been asking, which bear little resemblance to the role of this committee, interrogating the government's budget and—

**Senator KITCHING:** Chair, do you think it is fine to keep having changes of government and changes for internal philosophical differences which this government is riven by. If we want to go to the cost of changing prime ministers, then let's do that, because we can actually say that every time there's a machinery-of-government change, that's actually very expensive. Do you know what most people out there think, they think this is totally unnecessary and this is a government riven by chaos and confusion. If I could think of some other C words I would.

**CHAIR:** Order, Senator Kitching.

**Senator KITCHING:** Can I go back to my question?

**CHAIR:** No, you can't Senator Kitching. If you want to make observations like that, you have to expect you'll receive a response. If you would like to ask questions about machinery-of-government changes, please be my guest. This would be one of many appropriate places to ask such questions. If you want to engage in political speeches, then the appropriate place to do that is the chamber not the Senate estimates process.

**Senator KITCHING:** Isn't this exactly the point that Senator Wong raised before, in a letter that Dr Parkinson wrote to the shadow Attorney-General?

**CHAIR:** What point?

**Senator KITCHING:** I'm sure you're trying to distract me and I'm sure Senator Cormann is grateful for your distraction, but this is around the point—I want to ask some questions. This is the appropriate portfolio area to do it—it's Prime Minister and Cabinet—I want to ask these questions and I would like some answers from Senator Cormann.

**CHAIR:** I encourage you to ask questions then, rather than reading out commentary.

**Senator KITCHING:** A conservative Liberal MP said: 'On the Saturday when we were devastated at the 1998 election, we could say we lost 14 colleagues because we were fighting the fight for tax reform. What was the high principle we lost 14 colleagues for in 2016?' What was the high principle you lost 14 seats for?

**Senator Cormann:** I'm not going to provide political commentary. I leave political commentary to the commentators.

**Senator KITCHING:** There's another quote 'Dutton to Abbott'—so minister Dutton to Mr Abbott: 'Malcolm is very capable of blowing himself up without any help from you'. Did Mr Turnbull blow himself up?
Senator Cormann: I leave the commentary to commentators.

Senator KITCHING: Was he helped?

Senator Cormann: I leave the commentary to commentators.

Senator KITCHING: Another quote: 'Turnbull is hopeless at politics'. That's from Minister Dutton. Do you believe Mr Turnbull was terrible at politics?

Senator Cormann: I leave the commentary to commentators. Let me say again, as I've said on the public record before, I had a very good personal and very good working relationship with Prime Minister Turnbull. We worked very well together. We were able to secure some good outcomes together in the national interest but obviously, ultimately, the Liberal Party party room made a decision to elect a new leader and that is what happened some time ago, and we're focused on the future.

Senator KITCHING: Do you think that Minister Dutton was correct that Mr Turnbull is hopeless at politics?

CHAIR: Senator Kitching, these are now getting completely irrelevant to the matter before—

Senator Cormann: I'm not going to—

Senator KITCHING: Is Prime Minister Morrison better at politics?

Senator Cormann: I'm not going to entertain those sorts of questions. You are going with political commentary that has no relevance at all to budget estimates in the Prime Minister and Cabinet portfolio.

Senator KITCHING: Another quote from Minister Dutton is: 'Scott was in it from the word go'. Was he in it from the word go? When did the change of leadership—

Senator Cormann: You're giving anonymous quotes to me. I am not going to provide commentary in relation to anonymous quotes and give any credence to things that people are not even prepared to put their name to.

Senator KITCHING: In fact, here is Mr Joyce—


Senator KITCHING: 'You don't even have worry about Julie Bishop—

CHAIR: Senator Kitching, order.

Senator KITCHING: because her colleagues don't take her seriously.'

CHAIR: Senator Kitching, order. I will call a private meeting if you do not come to order when I call you to order. I should not have to say your name five times in order to get you to come to order. I will pass the call to another senator who has relevant questions about estimates if you continue to ask questions that are not relevant to the proceedings.

Senator KITCHING: Well, they are relevant to the proceedings, chair—

CHAIR: No, they're not. They are way outside the standing orders.

Senator KITCHING: This is about the lack of governance that has been shown by this government, and by the leadership. The fact is that, if you've got people thinking that only four people are actually running the government, that is actually a real problem, because it
goes against the Westminster principles. So that is a problem. I am happy to move on to—well, actually, I just wanted to comment—

CHAIR: This is not the forum for comments. You can ask questions if have any.

Senator KITCHING: I want to ask Senator Cormann a question and see whether there is any accuracy around the leadership changes—a quote attributed to Mr Joyce: 'You don't even have to worry about Julie Bishop because her colleagues don't take her seriously, and Peter Dutton is too right wing, but Morrison is a schemer. Watch out for him. He's going to come for you.'

CHAIR: Senator Kitching, that is not in order. Minister, you do not need to respond to that. Senator Kitching, we're going to move on.

Senator KITCHING: Can I ask some questions about the top four mitigation strategies that relate to cyber-resilience.

CHAIR: You may.

Senator KITCHING: I don't know, Ms Baxter, whether that might be Mr Heaney, but I want to know whether the department is complying, and what is the self-assessment?

Dr Baxter: We will just get Ms Tressler up to the table, our chief operating officer.

Senator KITCHING: First of all, do you comply with the top four mitigation strategies?

Ms Tressler: Yes, Senator, we comply with the top four.

Senator KITCHING: It is a self-regulating measure?

Ms Tressler: That's correct.

Senator KITCHING: Given they are mandatory, do you then report back to the ASD, or do you have an ongoing discussion around those mitigation strategies?

Ms Tressler: Yes. There is an annual compliance process, so we will advise the ASD how we are going against the top four and a range of other measures.

Senator KITCHING: If you weren't to comply with one of those strategies, what happens in that scenario?

Ms Tressler: If we were not to?

Senator KITCHING: Yes, if you were not. You are self-regulating, so you are assessing yourself: 'Yes, we are complying.' But let's say there's a problem with one of them—I'm not suggesting there is. What would happen in that scenario?

Ms Tressler: That is probably a question best directed to ASD.

Ms Foster: Senator, yes, it is a self-assessment but it is against a set of criteria, so it is not a kind of free-for-all, yes, we think we comply. We actually have to work through a series of criteria that we need to meet. If we were to find ourselves out of compliance with one of those, and that happens sometimes for reasons beyond our control, as it were, for example, where we use a whole-of-government system that has an application that has a bit of software that can't comply with the current regulations, then a couple of things would happen. Firstly, we have a strategy in place to make ourselves compliant. So it's either to acquire new software or to move to a new system, or whatever the strategy to become compliant might be. Secondly, we look at how we mitigate the risks of not being compliant, and so there will be a whole series of potential measures around that.
Senator KITCHING: Is that something you do internally, so it is self-regulating, self-assessing? Would you communicate with the ASD, and say: 'Look—

Ms Tressler: We do.

Ms Foster: Our person who looks after cybersecurity for the department would formulate his strategies in consultation with organisations like ASD and with the Attorney-General's Department, who has the sort of overall responsibility for security policy.

Senator KITCHING: So the ASD might send some analysts or officers—I'm not sure how they describe themselves—to look to see where the compliance issue might be?

Ms Foster: It would depend a lot on the severity of the noncompliance whether or not our own technical staff had the expertise to make those decisions. I guess the point I was trying to make is that there is a very active—'debate' is not quite the right word—interaction between the cybersecurity folks across government, and they will actively seek support from each other on the best way to mitigate a risk or develop a new strategy.

Senator KITCHING: Because they are mandatory, ASD are still checking how things are going?

Ms Foster: As Ms Tressler said, we have to do an annual report, and we articulate in that annual report where we are compliant and, if we're not, we're not, and what we're doing about it. So there is an independent assessment, if you like, of the robustness of our position.

Senator KITCHING: So there is an independent assessment by the ASD about the robustness of your systems? Is that correct?

Ms Foster: Senator, I need to check what the actual process is behind it. What I see is the reporting that goes forward that says, 'Here is where we're compliant, here is where we're not,' and that goes externally. I thought it was to the Attorney-General's department, but I will—

Senator KITCHING: It is to the Attorney-General's Department and they may then pass that on to the ASD?

Ms Foster: Or come back to us and say: 'We're really worried about this. What are you doing about it?' It is ASD it goes to.

Senator KITCHING: Okay. Thank you.

CHAIR: Who is seeking the call?

Senator McALLISTER: I am. I was hoping to ask some questions about the disability royal commission.

Ms Foster: Sure.

Senator McALLISTER: The announcement was made by the Prime Minister on 18 February this year by supporting the motion in the House of Representatives. Is that correct, Dr Baxter?

Dr Baxter: That's correct.

Senator McALLISTER: I just wanted to ask about what happened then. There is a vote in the House and then ultimately there are draft terms of reference released. What was the process to get those draft terms of reference?

Dr Baxter: As you've mentioned, on 18 February, the government announced and supported the motion to establish the royal commission. On 21 February the Prime Minister
wrote to first ministers seeking their in principle support to establish a joint commission and also seeking their input on consultation. Following that, a series of consultations began, including a roundtable with disability peaks on 5 March, and that included people such as the Disabled People's Organisations of Australia, National Disability Services—a collection of services, advocates and other representatives. There was also a Disability Reform Council meeting held—the ministers responsible for disabilities in each of the states and territories—on 8 March, where both the draft terms of reference and the approach for consulting on those draft terms of reference and releasing them to the community was discussed and agreed. There was also a mirroring departmental process, where departments, both at the state levels and also at the Commonwealth level, provided advice around the draft terms of reference which were being consulted on.

Senator McALLISTER: So 8 March sees the draft terms of reference agreed for public release by the ministerial council. Am I correct in understanding your evidence in that way?

Dr Baxter: That's right. The draft terms of reference were discussed at the DRC meeting, but also there had been, leading up to that, a series of meetings between officials of states and territories to work through the draft terms of reference and also talk about an appropriate process for public consultation.

Senator McALLISTER: At the roundtable on 5 March, had the draft terms of reference been provided to those stakeholders?

Dr Baxter: Yes. It was a different draft than the draft that finally went out for public consultation, because the eventual draft took on feedback from that roundtable and from those other processes that I've mentioned. So there is a draft.

Senator McALLISTER: So there's an early draft provided on the 5th. You did mention some of the organisations. Would it be possible to provide a list of all of the organisations that attended?

Dr Baxter: Yes. I've got them here if you would like me to read them.

Senator McALLISTER: If it wouldn't take too long, it would be terrific if you could read through them.

Dr Baxter: There was Disabled People's Organisations Australia, which encompasses People with Disability Australia, National Ethnic Disability Alliance, First Peoples Disability Network Australia, and Women With Disabilities Australia. So it's an overarching peak that encompasses each of those five. There was also National Disability Services; Carers Australia; the Australian Federation of Disability Organisations; Children and Young People with Disability Australia; the Disability Advocacy Network Australia; the Australian Human Rights Commission; and Mental Health Australia.

Senator McALLISTER: Thank you. The decision was taken on 8 March to release the terms of reference. When where they actually released?

Dr Baxter: The public consultation on the terms of reference commenced on 13 March.

Senator McALLISTER: So there's a public announcement on 13 March, essentially.

Dr Baxter: Yes, that's correct.

Senator McALLISTER: What is the deadline for feedback from departmental stakeholders?
Dr Baxter: The public consultation process ran from 13 to 28 March.

Senator McALLISTER: So it's concluded?

Dr Baxter: That's correct.

Senator McALLISTER: Just before I move on, in that period between 18 February and 13 March the draft terms of reference were released publicly, and you have spoken about a number of formal processes to obtain stakeholder input. Were any other informal processes taking place? Are there any other stakeholders that we haven't discussed so far who had input into the process?

Dr Baxter: I think I've canvassed the broad groups. Is there is a particular group that you'd like me to check? We also received some phone calls and correspondence from other organisations. The Prime Minister stated publicly his intent to consult widely. But those are definitely the broad groupings there.

Senator McALLISTER: Right. And who led that process? Was that your team, Dr Baxter? Or was it the Department of Social Services?

Dr Baxter: The public consultation through the Engage website was led by the Department of Social Services. But over that phase after the announcement of the Prime Minister's intention I would characterise it as a joint effort, because both the Department of Prime Minister and Cabinet and the Department of Social Services attended the round table with the peaks and the disability advocates. We were all speaking to advocates and groups were speaking to us. I convened an interdepartmental committee with relevant Commonwealth organisations, and I convened and included my DSS colleagues on a joint senior officials working group with the states and territories on a number of occasions. That also included Disability Reform Council officials as well—that was both the first ministers' departments and the disability agencies from the states and territories. In that period it was very much a joint effort, and then when we moved into the public consultation phase it was very much led by the Department of Social Services.

Senator McALLISTER: What feedback have they received?

Dr Baxter: On the whole, the feedback has been very supportive of the draft terms of reference. I'm sure that you've seen them; they're publicly available. They're very broad, and there was a strong support for terms of reference that were framed in those broad terms. There were some areas where feedback was received that a particular element should be given priority. Those were things like the importance of ensuring that processes throughout the royal commission were very accessible for people who were going to access the royal commission and that provision was made for people to share their stories with the royal commission. And there were quite a few references to ensuring that the terms of reference very much put people with disability at the centre of the process. I think that subsequent drafts have been able to reflect and pick up on that feedback.

I would characterise it such that both through the consultation with states and territories and through the public consultation process it has been supported. There have been relatively few extra amendments that were required, and I suspect that was because the terms of reference were crafted in very broad terms.

Senator McALLISTER: Has there been any feedback around the issue of redress and the explicit inclusion of redress in the terms of reference?
Dr Baxter: Again, this sort of detail may be better directed to the Department of Social Services, because they analysed the very large number of submissions that came through that public consultation process.

Senator McALLISTER: Sure.

Dr Baxter: My understanding is that some stakeholders did raise the issue of redress. I think it was a very small number, and that would be worth clarifying with the Department of Social Services. When it was raised, there wasn't necessarily a single view about whether redress should be included or not included. There were a range of views about whether that should be contemplated explicitly. It was noted that the royal commission does have provision to look at issues of redress, whether or not those are specifically enumerated in the terms of reference. So, yes, I understand it was raised, but there was a broad variety of views about how that should be reflected.

Senator McALLISTER: Yes, and I note it was included specifically in the Royal Commission into Institutional Responses to Child Sexual Abuse.

Dr Baxter: Yes, it was.

Senator McALLISTER: Just going back to that early period, I note that the second part of the consultation was handled by DSS, but the early period was when PM&C were conducting consultations jointly. Was redress raised in that context?

Dr Baxter: I don't recall it being raised in the meetings that we had in that first half. I think it was as people started to focus sharply on an evolving draft that I recall it being mentioned.

Senator McALLISTER: Right. You said that there were a range of views about redress in the consultation that took place after 13 March. Which organisations have raised it as something that they do wish to see recognised explicitly in the—

Dr Baxter: I think those specifics would have to be directed to the Department of Social Services, because they received that specific feedback.

Senator McALLISTER: Do you expect that the final terms of reference will include redress?

Dr Baxter: We don't yet have a final announced terms of reference. I don't have a sense yet of whether they'll be included in the final. I do know that the view was expressed, as I've mentioned that there were pros and cons to the specific inclusion of issues of redress in the terms of reference, including by states and territories who felt that there were issues with both including and not including the matter of redress specifically.

Senator McALLISTER: Can I just go back to the questions of process, understanding there has essentially been a two stage process. In that first stage where PM&C was directly involved, what was the interaction between departments and ministers in that period?

Dr Baxter: Do you mean the Prime Minister or—

Senator McALLISTER: I'd like to understand which ministers were involved and, yes, I would like to understand if the Prime Minister was involved.

Dr Baxter: We were working very closely with the Department of Social Services and also the Attorney-General's Department, which has responsibility for royal commissions within the Commonwealth from the very beginning. I mentioned the IDC that was being
conducted. Also the meetings that were held with states were being contributed to by the Department of Social Services. We were obviously providing regular briefing, both to our office and to the Prime Minister. I understand that Social Services were keeping their minister's office very closely in the loop about these issues also, but the exact nature of that would be something you would need to refer to Social Services and also to the Attorney-General's Department. We were ensuring information, as it was emerging, was being shared on a daily basis at a departmental level.

**Senator McALLISTER:** Who signed off on the terms of reference that were provided to the ministerial council?

**Dr Baxter:** The terms of reference that were provided to the Disability Reform Council when it considered them?

**Senator McALLISTER:** The meeting that took place on 8 March.

**Dr Baxter:** I may just have to check that. I'll have to take that on notice. Certainly drafts of the terms of reference were being shared on a regular basis with the Prime Minister's office but I'll have to take on notice the level at which it was signed off.

**Senator McALLISTER:** I'm trying to understand what is uncertain in your answer. Was there ministerial sign off at all? Is it a question of which minister signed it off or is it a question of whether a minister signed it off?

**Dr Baxter:** As a general rule of process, documents that go to the Disability Reform Council ministers are signed off by Minister Fletcher. My reaction to you is to say, yes, it was signed off by Minister Fletcher. I can't recall from the PM&C side where our signoff was, so I've indicated I'll take that on notice. My preliminary answer would be that Minister Fletcher would have signed off on those documents for the 8 March meeting.

**Senator McALLISTER:** Do we know what date the signoff took place?

**Dr Baxter:** No, I'm sorry, I don't know what date the signoff would have been. It would have been fairly close to before that meeting, because this was all happening in a fairly truncated time frame.

**Senator McALLISTER:** There are various iterations of these draft terms of reference prior to them going into the reform council—

**Dr Baxter:** That's correct.

**Senator McALLISTER:** with input from both—

**Dr Baxter:** States and territories.

**Senator McALLISTER:** Minister Fletcher and his staff and the Prime Minister's office and his staff.

**Dr Baxter:** That's correct. I would say that from the earliest draft to the very latest drafts, I would characterise this as a set of terms of reference that hasn't had dramatic amendments to be required from any of the people who've provided input. There has been a lot of consensus about the draft.

**Senator McALLISTER:** Was redress included in any of those drafts prior to the meeting on 13 March?
Dr Baxter: I can't recall. I'd have to take that on notice. I don't recall it being there, but I'd need to check.

Senator McALLISTER: Do you think you could check today?

Dr Baxter: Yes, I'll see what we can provide.

Senator CICCONE: If I could change topic slightly before we break for lunch: my questions are to Senator Cormann. On the comments you made earlier this morning to Senator Wong about transparency and process: why is it the case that the coalition agreement between the Liberals and Nationals is secret, and why can't the Australian people view that document?

Senator Cormann: I think you'll find that we have canvassed this issue on many occasions. It's an agreement between two political parties and it's been treated in the same way consistently—

Senator WONG: About how to run government. It's about how to run a government.

Senator Cormann: It's a document that organises the relationship within the coalition between two political parties.

Senator CICCONE: Has the department ever received a copy of that document?

Ms Foster: No.

Senator CICCONE: Given that there have been four changes in leadership in the term of this government—from Mr Abbott to Mr Turnbull, from Mr Truss to Mr Joyce, from Mr Joyce to Mr McCormack and from Mr Turnbull to Mr Morrison—at each time is it the custom that the new Prime Minister and the new Deputy Prime Minister sign off on that agreement?

Senator Cormann: The Liberal-National coalition is a very strong coalition which has been very successful in delivering better outcomes for the Australian people. Indeed, it's a living relationship. From time to time personnel change and from time to time the agreement is updated, as you would expect to happen in the context of any such political relationship.

Senator CICCONE: Forgive me for being a new senator but is that agreement made between the two individuals, as in between the Prime Minister and the Deputy Prime Minister, or is it an agreement between the Liberal Party and the National Party?

Senator Cormann: It's an agreement between the Liberal and National parties, which the Leader of the Liberal Party and the Leader of the National Party sign on behalf of their respective parties.

Senator CICCONE: Is it the case that the Governor-General also receives a copy of this agreement?

Senator Cormann: Not that I'm aware of.

Ms Foster: Not normally. I think the Governor-General simply receives an assurance from the Prime Minister that such an agreement is in place.

Senator CICCONE: What details, do we know, have been provided to the Governor-General?

Senator Cormann: To be sworn in as Prime Minister, what the Governor-General needs to be satisfied of is that the person to be sworn in commands sufficient support in terms of confidence and supply in the House of Representatives. So the appropriate paperwork is submitted to give the Governor-General that reassurance.
Senator CICCONE: So it's appropriate for the Governor-General but not appropriate for the Australian people to know about the detail of the document?

Senator Cormann: The Governor-General receives the appropriate paperwork. I didn't tell you that he receives a copy of the Liberal-National coalition agreement. The Governor-General receives the appropriate advice to reassure him that the government commands a majority in terms of confidence and supply on the floor of the House of Representatives.

Senator CICCONE: Senator Wong made some comments earlier this morning around One Nation. Does the agreement itself contain any detail about preferencing outside of the coalition, like to One Nation?

Senator Cormann: The Liberal-National party agreement is not a matter for these estimates.

Senator CICCONE: So there's no discussion about or any mention of preferencing?

Senator Cormann: The Liberal and National parties are two separate parties, as the Prime Minister's indicated again in recent days. As far as the Liberal Party's concerned, the Leader of the Liberal Party makes statements on behalf of the Liberal Party and the Leader of the National Party makes statements on behalf of the National Party.

Senator KITCHING: Senator Cormann, can I interpose—does that agreement then outline which seats the Liberal Party won't contest against a National Party member?

Senator Cormann: Again, this is not a government document. This is something that organises the relationship between two political parties, the Liberal and National parties, so it's not something that I will canvass in these estimates.

Senator CICCONE: Don't you agree, though, that the Australian people are entitled to know what arrangements are between various parties?

Senator Cormann: The Australian people are absolutely entitled to know what the Liberal and National parties have done and will do to advance the public interest and to ensure that the Australian economy is as strong as possible, that the Australian people have the best possible opportunity to get ahead and that the country is safe and secure. Over the next six, seven or eight weeks there will be another great democratic exercise where all leaders from all parties and relevant candidates all around Australia will put to the Australian people what they would do should they gain the trust and confidence of the Australian people at the next election. That is, of course, a very robust, open and transparent process, as it should be. Ours is one of the great democracies around the world, and I think that our system of government has served the Australian people exceptionally well.

Senator WONG: Except that you carve up portfolios and make policy decisions about particular portfolios a Liberal deal which the Governor-General is advised about but you don't disclose to the Australian people. It's not the democratic process.

Senator Cormann: Except that you carve up portfolios and make policy decisions about particular portfolios a Liberal deal which the Governor-General is advised about but you don't disclose to the Australian people. It's not the democratic process.

Senator Cormann: Are you saying releasing your caucus minutes to the Governor-General by—

Senator WONG: It's not. This goes to who gets which ministry. This goes to whether Barnaby Joyce is or is not the water minister. It is about public administration.

CHAIR: As advised, we are due for our—
Senator KITCHING: Has the chair ruled out changes of government being relevant to this part of estimates?

CHAIR: Thanks, Senator Kitching. As you well know, that's not what I did.

Senator KITCHING: Yes it is.

CHAIR: We are now on a scheduled break for lunch.

Proceedings suspended from 12:31 to 13:31

CHAIR: We will now resume. I just note that it is half an hour before we are due to move to our next witness. Could I get some indication from opposition senators. That would be helpful.

Senator WONG: We will try to finish close to that time. We might go a bit further. It depends. The questions on notice about the Jerusalem embassy move and the JCPOA—perhaps we will start with a status update.

Ms Foster: All answers have been provided, as you said, to the PMO.

Senator WONG: And where are they?

Ms Foster: The bulk of them have been lodged. As you say, there are a small number outstanding.

Senator Cormann: 85 per cent of the questions have been answered.

Senator WONG: Not the ones that I am interested in. There has been no answer provided in relation to my questioning about the leak of ASIO information. I asked Mr Hayhurst some questions on notice, Nos 58 and 59, in relation to the embassy shift—or non-shift—to Jerusalem. I asked about the process leading up to the announcement and PM&C's involvement in it:

Senator WONG: When was the decision made that the review would be led by the four departmental secretaries, and by whom was it made?

Mr Hayhurst: I'd have to take that on notice. I can't recall.

I would have thought that's a pretty reasonable question—and it's still sitting in the Prime Minister's Office?

Senator Cormann: I have asked a question of the Prime Minister's office. As I understand it, 85 or 86 per cent of questions have been answered. I have asked whether there is anything we can do. You have to remember—

Senator WONG: Here we go—we may not finish by 1.30.

Senator Cormann: the timetable between last estimates and these estimates has been somewhat shorter than usual, because the budget has been delivered a month earlier, and the estimates are following hard on the budget, where normally there is a bit more time. We also, obviously, had to put a budget together. I am following it up and I will see whether there is something we can assist you with today.

Senator WONG: Can Mr Hayhurst assist? He has just walked to the table.

Ms Foster: All I have is the numbers, not the full title.

Senator WONG: I think 58 and 59 are the two.
Ms Foster: Which are awaiting lodgement, but we think that the one about ASIO, which is number 5—

Senator WONG: I think there were two on ASIO.

Ms Foster: Which number?

Senator WONG: This one, 175:

Senator WONG: Would you take on notice also when the fact of the Australian Federal Police investigation was communicated, when the Prime Minister became aware of that?

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

Ms Foster: That is yet to be lodged.

Senator WONG: That is self-evident. Sorry, but where is it? Have you drafted it?

Ms Foster: All of the questions we have provided draft responses to.

Senator WONG: You have provided everything to the Prime Minister's office and they are sitting on a few of them: when the PM first became aware of the AFP matters—

Senator Cormann: Some of these matters can only be answered out of the Prime Minister's office, because of the state of knowledge.

Senator WONG: I will accept that, because we're all tired and want to finish this, but I am interested in why fairly straightforward questions about the process leading up to the Jerusalem announcement haven't been answered. Why are they still sitting in the Prime Minister's office?

Senator Cormann: Obviously because the answering hasn't been finalised, but, as I have indicated to you, I have asked whether there is something we can do to assist you today.

Senator WONG: We are here until 1:30 or two o'clock; I wouldn't mind that answer.

Senator Cormann: I have asked the question.

Senator WONG: Why don't we go to Senator McAllister and see if you get an answer in the next little while.

Senator McALLISTER: I was hoping that the economic division could come to the table.

Senator WONG: Don't go away, Mr Hayhurst—forever, I mean.

Senator McALLISTER: Dr Gruen, I just wanted to ask you about some of the terminology around migration used in the budget. There is a concept of the migration planning level. Are you familiar with that term?

Dr Gruen: The migration planning level?

Senator McALLISTER: Yes. There is a new measure in budget paper two, on page 11, which is about reducing the planning level.

Dr Gruen: Is this the permanent migration program, from 190,000 to 160,000?

Senator McALLISTER: That is my question. It doesn't say permanent migration level in the text; it just says:

The Government will reduce the planning level of the Migration Program from 190,000 to 160,000 places for four years …

Senator Cormann: That is the cap. That is the ceiling that is put in place in the context of every budget. Up until this financial year it was a cap of 190,000, but, as we have always
indicated, this is not a target; it is a cap, it is a ceiling. In the end the level of migration is driven by a variety of factors: in relation to skilled migration, by the needs and context of where the economy is at; and in the context of, I guess, family reunion, based on the rate of things like marriages between Australians and overseas citizens.

Senator McALLISTER: But this concept of the planning level, is it a new concept in the budget?

Senator Cormann: No, it is not a new concept; it may be a new headline.

Senator McALLISTER: Is it new terminology?

Senator Cormann: That cap has been in place before, but before it was 190,000 and now it is 160,000.

Senator McALLISTER: What is this idea of the planning level intended to communicate?

Senator Cormann: That question is probably more for the Department of Foreign Affairs than for the Department of the Prime Minister and Cabinet. I have just explained to you, in an abundance of helpfulness, the broad context, but, if you want to go into specifically what this number is made up of and how it operates, I think there is an appropriate estimates committee for that.

Senator McALLISTER: Can I have an explanation of how it interacts from a budget perspective with what I assume is a related concept—that is, net overseas migration, the figure shown in budget paper 3.

Mr Duggan: The planning level refers to permanent migration. The difference between that and the net overseas migration level relates to elements of the temporary migration program as well.

Senator McALLISTER: I see: the temporary migration program and the planning level for the migration program combine to produce the net overseas migration figure that's shown in budget paper 3.

Mr Duggan: That's correct.

Senator McALLISTER: The net overseas migration predictions over the forward estimates seem to be significantly higher than last year's. For example, in 2018 the budget estimate was 234,600 people, whereas the actual was 259,600 people. This is a 25,000-person increase in net overseas migration prediction. Why is it so variable between the prediction and the actual?

Mr Duggan: I am not able to provide any detail on that. It is really a question for Home Affairs. I think you are referring to a statement that Treasury would have pulled together, because that number is relevant to the economic projections, so they would be better placed to provide you with more detail.

Senator McALLISTER: The net overseas migration figure, not the planning level, is the relevant number for the economic projections—is that correct, Dr Gruen?

Dr Gruen: That is correct.
Senator WONG: This terminology 'planning level'—I think you asked this question, Senator McAllister. I thought we just talked about the NOM; when did it become a planning level?

Dr Gruen: We were talking about the planning level being the level of the permanent intake and the NOM—

Senator WONG: is the total. I understand that; I am wondering who came up with the phrase 'planning level'.

Dr Gruen: I am not aware.

Senator WONG: Had you seen it before?

Dr Gruen: I had not.

Senator WONG: How many years have you been doing budgets?

Dr Gruen: A lot. Many years. If you want me to actually work it out, I can do that, but at least a long time.

Senator WONG: Ever heard the term 'planning level' around permanent migration?

Dr Gruen: No, but it is possible that someone said planning level and it didn't register.

Senator WONG: It is just used quite a bit in BP1, that's all—the trumpeting of the planning level—and you have to go to another statement to work out that it's actually about 100,000 more.

Dr Gruen: Just to be clear: when you're talking about net overseas migration, there are also issues about Australians going overseas. It is net, and there are New Zealanders coming or going. It can move around quite a lot for reasons other than the size of the permanent intake.

Senator McALLISTER: If you're planning from an economic or infrastructure perspective, the more relevant figure is net overseas migration, because it speaks to the number of people anticipated to be living in Australia.

Dr Gruen: The net overseas migration number is clearly relevant, but some parts of that are not amenable to policy. In other words, clearly the planning level is something that is amenable to policy, whereas, to the extent that Australians choose to live overseas or New Zealanders choose to live here, we have freedom of movement between the two countries, so that is not amenable to a policy decision.

Senator McALLISTER: In budget paper 1-14 there is a discussion about investing in economic and community infrastructure. It refers to the migration program planning level, but if you were investing in economic and community infrastructure, I would have thought the more relevant number to be net overseas migration.

Dr Gruen: But it is certainly the case that, if you reduce the planning level from a cap of 190,000 to a cap of 160,000, you would expect that to reduce net overseas migration—other things being equal.

Senator McALLISTER: That is something I also want to ask about. Is there a straight, linear interaction between the net overseas migration number and the planning level or is it more complex than that?

Dr Gruen: Do you mean one for one?
**Senator McALLISTER:** I mean that, if you reduce the planning level by 30,000, say, does that produce a reduction of 30,000 in net overseas migration or is it a more complex exercise?

**Senator Cormann:** It depends. The 160,000, the same as the 190,000 before, is a cap. To what extent you reach that depends, as I indicated before, on the economic parameters, the needs and state of the economy at a particular point in time and to what extent there is demand in the economy for skilled migration. And indeed, in relation to family reunion migration, it depends on a series of personal matters in the lives of individual Australians. What we can say is that the migration level will not go past the cap, but the extent to which it will stay even lower than that is something that you can only look at retrospectively, after it has happened.

**Senator McALLISTER:** Notwithstanding that answer that of course there is a difference between estimates and actuals, the budget has a 40,300-person increase in net overseas migration in the 2019 year when you compare it with the 2018 budget.

**Senator Cormann:** The budget makes assumptions on what the likely level of migration is going to be. There's a whole range of assumptions that feed into the forecast of both revenue and expenditure, and that is one of the assumptions that feed into the budget process. That's different again from the cap. Before, when we had a cap of 190,000, there were still judgements being made on what the assumed level of migration would be, given where the economy was at, given the demand for skilled migration, et cetera.

**Senator McALLISTER:** I see. Well, leaving aside the planning level and just sticking with net overseas migration: Dr Gruen, do you know why in 2019 there is such a significant increase, from the projection that was in the budget last time, in net overseas migration?

**Dr Gruen:** Sorry, I don't. Obviously Home Affairs might be able to help, but also Treasury might be able to help, given that they are interested in the macro implications of it, so they would be looking at it as well.

**Senator McALLISTER:** The minister referred to the set of assumptions used to generate that number. Is there a model within government that is used to produce that number?

**Dr Gruen:** Not as far as I'm aware — not in Prime Minister and Cabinet.

**Mr Duggan:** I can add to that. The projected increase is driven by the temporary migration. There it's the change in the stock of temporary migration from year to year that matters. We're talking about students, temporary skilled workers and short-term visitors.
Senator McALLISTER: Can you break down which visa classes that net overseas migration increase is being attributed to? You spoke just then about students, skilled and—what was the third category?

Mr Duggan: And visitors more generally. I don't have that information in front of me.

Senator McALLISTER: Is it available within the department?

Mr Duggan: It may be, but I think the department of Home Affairs will have that information in much more detail.

Senator McALLISTER: I understand that, but I'm asking about what is available within PM&C.

Mr Duggan: It may be. I'd need to take that on notice and find out.

Senator McALLISTER: Do you think you could see whether you could find it today?

Mr Duggan: We could endeavour to do that, yes.

Senator McALLISTER: Thank you. In terms of how those predictions work, has the decision to keep permanent migration or to set the planning level for migration at 160,000 resulted in any increases to the net overseas migration predictions?

Dr Gruen: Not that I'm aware of.

Senator McALLISTER: I know it sounds counterintuitive, but there are these two quite significant decisions being taken in the same budget, and there are very significant parameter variations around net overseas migration in this budget compared with the last one, and I am just trying to find out whether counterintuitively there isn't some relationship between the two things.

Dr Gruen: Not that I'm aware of.

Senator WONG: Nothing further on the NOM. I want to go back to Mr Hayhurst. We've still got nothing further from the PMO? Still sitting on the answers?

Senator Cormann: Hello. Here I am.

Senator WONG: When were these answers—

Senator Cormann: The advice I have is that the answers will be lodged as soon as possible today.

Senator WONG: Thank you. After I've finished these estimates, no doubt. Mr Hayhurst, if you could come to the table, please, I'd appreciate it. Ms Foster, when were the two answers in question provided to the PMO?

Ms Foster: Are you talking about 58 and 59?

Senator WONG: I'm trying to remember which ones are about the Jerusalem process. Yes, that's right.

Ms Foster: On 18 March.

Senator WONG: Mr Hayhurst, we haven't got a lot of time. Just a quick refresher. We've spent a bit of time in estimates on this. In relation to this announcement, the series of public announcements in the lead-up to Wentworth and subsequently, what we do know is the Prime Minister consulted with the foreign minister on 14 October, on the Sunday. Prime Minister and Cabinet was notified by the PMO on the morning of the 15th. The secretary of DFAT was
notified by Minister Payne's chief of staff on the same day and had a conversation with PM&C about how to support the announcement. The media was briefed on Monday night. The CDF was briefed after the media. The announcement was made on Tuesday, 16 October. You and I had a lengthy discussion. When I went back to read it, I probably wasn't as organised with my questions as I should have been, but at the last estimates you, Ms Millar and I had an interchange about the process. You said to me at that time that the announcement was the 16th, then the departmental task force formed to support the four secretaries undertaken in the review didn't occur until 19 November. That's over a month after the Prime Minister's announcement—correct?

Mr Hayhurst: That's correct.

Senator WONG: The question I asked you, which has been taken on notice and not answered—you said:
I'd have to take that on notice. I can't recall.
I assume you can now recall. I asked you a very simple question:
When was the decision made that the review would be led by the four departmental secretaries, and by whom was it made?

Mr Hayhurst: The answer to that question, if you're asking that now—

Senator WONG: Yes.

Mr Hayhurst: is that it was made on 16 November by the Prime Minister.

Senator WONG: Thank you. I appreciate that. I don't want to go into length into how it was made. Was that by way of a decision on a departmental brief? Was that by way of a letter?

Mr Hayhurst: I think there was a range of advice and discussion, but there was a written brief provided by the department outlining options to undertake the review the government had announced.

Senator WONG: This decision was made on the 16th?

Mr Hayhurst: That's correct, yes.

Senator WONG: Can someone explain to me why it took a month?

Ms Foster: At the risk of stating the bleeding obvious, it's a complex issue.

Senator WONG: I'm asking why the decision as to the process to consider the complex issue took a month. I accept—which is one of my criticisms of this announcement—this is a complex foreign policy area. It's a complex issue that we have different political views about, but I'm leaving that aside. Why did it take a month for the Prime Minister to decide what the process would be to give effect to his announcement during the Wentworth by-election?

Ms Foster: I was just going to say that there was a process of looking at the various ways of approaching the question. Because of its complexity, that wasn't an easy process to decide how to go about it, but Ms Millar can talk a little more about some of the things that she was doing in that period.

Senator WONG: She can if she wants. I think we had a series of questions and answers last time. I just don't get why it takes—didn't the government know what it was going to do when it made the announcement? Looking at it from the outside, you get a Prime Ministerial
announcement on the 16th on a major foreign policy issue a month before the Prime Minister even signs off on the process by which that's going to be considered—why?

Senator Cormann: I'll explain to you why. If we had not openly and transparently declared our intention and started to do work behind the scenes without actually advising people that this is what we were doing, this information would have become public outside of a formal, properly organised, orderly announcement by the government. You can't start a process like this without letting people know that you're initiating this sort of process.

Senator Wong: I don't think you heard the question.

Senator Cormann: No, that is the answer to the question.

Senator Wong: No, it's just the time frame.

Senator Cormann: You're asking: why did the government first announce that this is what we're intending to do before getting all of the specific implementation—

Senator Wong: No, I'm just asking: why does it take a month?

Senator Cormann: Because, as Ms Foster quite appropriately pointed out, it obviously required careful consideration of the appropriate way to conduct such a review.

Senator Wong: Okay. Then we have on top of this—I'm sorry; do we call them 'wise elders'? That's how they've been described in the media. We have a range of steps, a flurry of announcements—I was going to talk to you about orderly processes, Senator Cormann, and suggest that maybe a few orderly processes before a decision is made on a major foreign policy issue without going to cabinet and briefing the media before the CDF might be an orderly process. But let's leave that to one side. You've got a flurry of activity, a very quick announcement a month before the Prime Minister even agrees a task force and a process for the review which he's previously announced. There's also an announcement about the 'wise elders', which is the phrase given publicly to a group which includes, as it says, Mr Richardson and Sir Angus Houston. At the time of 16 November was there also a decision to have an additional step in the process which was this 'wise elders' group?

Ms Millar: I'm just trying to remember, Senator. It was either then or very soon thereafter. Certainly it was the subject of discussion. The group you referred to was a reference group.

Senator Wong: Who was on the reference group, again?

Ms Millar: The reference group was Dennis Richardson, Michael L'Estrange, John Anderson, Michael Thawley and Sir Angus Houston.

Senator Wong: John Anderson the former Deputy Prime Minister?

Ms Millar: That's right.

Senator Wong: Mr Richardson, Mr L'Estrange, Mr Anderson, Sir Angus Houston. Who was the last one?

Ms Millar: That's it.

Senator Wong: A lot of women!

Ms Millar: And Michael Thawley.

Senator Wong: Mr Thawley. Yes, I though there was another one. What did you call this group—a reference group?
Ms Millar: A reference group.

Senator WONG: So this reference group, was that a Prime Ministerial decision, too, to have it?

Ms Millar: Yes.

Senator WONG: And the membership was the Prime Minister's decision?

Ms Millar: I'm not sure quite how the membership was arrived at. As Mr Hayhurst said, there were discussions between the department, the secretary and the Prime Minister.

Senator WONG: But someone has to make a decision.

Ms Millar: The decision was the Prime Minister's.

Senator WONG: Thank you. Can you explain to me the logic of having another step? We have a month, we have departmental secretaries and then you add another step to it, of including the former National Party Deputy Prime Minister and National Party leader; Sir Angus Houston; Mr Richardson; Mr L'Estrange, who was former DFAT—I think he was a political staffer at some point, but he was DFAT secretary, wasn't he—and Mr Thawley.

Ms Millar: Yes, it's basically to provide advice and support to the panel.

Senator WONG: Didn't he trust what the secretaries had come up with? I mean, it's probably the four most senior secretaries, leaving aside Treasury and the government. It was PM&C, Defence, DFAT and who else?

Ms Millar: Home Affairs.

Senator WONG: It's a pretty senior group. Why did they need to be watched over?

Ms Millar: I don't think it was intended as a watching-over process, simply a process of consultation and another source of advice.

Senator WONG: Another source? Okay. So did they separately report?

Ms Millar: No. There were consultations between them and the panel.

Senator WONG: Did the reference group separately engage—or any member or representative from the reference group—separately engage with the Prime Minister about these issues?

Ms Millar: Not to my knowledge. I don't know.

Senator WONG: Mr Hayhurst?

Mr Hayhurst: Not to my knowledge.

Senator WONG: I might be a bit confused. You told me that somebody was seconded from PM&C to work on the task force or was doing preliminary work prior to this task force being stood up—EL2 I think.

Mr Hayhurst: Secretaries led the review. There was a reference group to provide advice. The work of the secretaries leading the review was supported by a task force in PM&C.

Senator WONG: Sorry. Right.

Mr Hayhurst: That had DFAT staff and PM&C staff, and the head of that task force was seconded to PM&C from DFAT.

Senator WONG: What does the reference group do?
Ms Foster: Typically, with almost any reference group, it's to bring their particular experience and expertise in the subject matter to test ideas on. It can be both advice and a sounding board for the secretaries who are leading the review.

Senator Wong: Okay. So, Mr Hayhurst, just flick through quickly the structure again. I apologise, I wasn't able to note it down. So you had task force and PMC, headed by a secondee from DFAT? Correct?

Mr Hayhurst: Correct. And then the task force supported the—what do we call them?—the departmental secretary review. Correct?

Mr Hayhurst: Correct.

Senator Wong: And the wise elders—or the reference group—talks to the departmental secretary review. Correct?

Mr Hayhurst: Correct. Yes.

Senator Wong: Does the task force engage separately with the reference group as well? If Mr Richardson's group wanted something done—wanted a bit of work done on something—do they talk to the task force as well? Or do they just talk to the secretaries?

Ms Foster: I don't think the reference group was actually doing work. They were there to provide—

Senator Wong: So what did they do?

Ms Foster: I think their primary role was as a sounding board for the secretaries who were doing the review.

Senator Wong: Okay. I think you told me in one of the discussions that there was a report, or a series of recommendations, from the departmental review, the secretaries' review. Correct?

Mr Hayhurst: There was a written report to cabinet on the outcome of the review.

Senator Wong: Yes. Okay. Did that get ticked off or did the reference group look at that before it went to cabinet?

Ms Millar: The recommendations and the report itself would have been discussed with the reference group. I don't know exactly what was provided to them, but it certainly was discussed with them.

Senator Wong: Was there any advice from the reference group separately on this issue, to the Prime Minister or the cabinet?

Ms Foster: No. There wasn't.

Senator Wong: How many times did this issue go to cabinet?

Ms Millar: I am only aware of it going at the end. The report was provided to cabinet in the normal way.

Senator Wong: Because the public reporting—and I appreciate this is public reporting, but it is obviously a fairly sensitive issue—says: 'A source close to cabinet confirmed Scott wants a road test of further advice before the announcement is made so this is resolved and not brought up again'. It contemplates—sorry, I should start from the beginning. Once the review has been completed, it will then be 'handed on to the so-called wise elders, which includes Mr Richardson and Sir Angus Houston'. Then there is the cabinet source that says,
'Scott wants to road test it for further advice'. Then it says, 'Once the additional advice is received from wise elders, the NSC will examine the issue before the full cabinet makes the final decision'.

**Ms Foster:** I am not sure what you are quoting from.

**Senator WONG:** Sorry. I'm quoting from *The Sydney Morning Herald*, Mr Massola's article on 5 December. I just want to know if that's accurate or not?

**Ms Foster:** The report went only once to cabinet. The report was not seen by the reference group. They were aware of what was in it. The ideas had been tested with them. But they didn't see or tick off or anything on the report.

**Senator WONG:** There is another source quoted as saying, 'They are recommending something that doesn't move the embassy but that does something to preserve the dignity of the Prime Minister and there will be some sorts of compromises'. Pretty accurate, don't you think? Okay, I still don't really have an answer on why it took a month.

**Ms Foster:** I don't think there is anything we can add to our answer. We were looking at the best way—

**Senator WONG:** The government didn't know what to do, did they?

**Ms Foster:** We were looking at the best way to approach the review.

**Senator WONG:** Okay. In the Sydney Institute speech, on the penultimate page, he says, 'We have decided to start the work, though, now, to identify a suitable site for an Australian embassy in West Jerusalem'. That is what the PM said. So has that happened?

**Ms Millar:** I think you need to ask the Department of Foreign Affairs and Trade.

**Senator WONG:** I will.

**Ms Millar:** What I can say is that the Prime Minister also announced we would be looking at setting up a trade and defence office in West Jerusalem—

**Senator WONG:** I know that. That was the announcement. I am interested in what he said. The minister you serve, the Prime Minister of the country, said on 15 December 2018, said: 'We have decided to start the work, though, now, to identify a suitable site for an Australian embassy in West Jerusalem'. So have you done anything about that prime ministerial announcement?

**Ms Millar:** No. We haven't in this department.

**Senator WONG:** Mr Hayhurst, are you aware of any such work being done?

**Mr Hayhurst:** I am not aware personally, no.

**Senator WONG:** Thank you. I just want to quickly get an update from PM&C. I will ask these questions of DFAT. But I wanted to go to the announcement by President Trump of the planned withdrawal of US troops from Syria. Are you able to give me any update, Mr Hayhurst or Ms Millar, about what you understand the current US position to be, in terms of giving effect to President Trump's announcement?

**Mr Hayhurst:** The US position is that with the defeat of Daesh the United States has expressed a clear intention to withdraw or draw down the level of its troops. The issue, and there is some different opinions expressed in the US system about the pace and scale of that draw-down, including examining the issue of security along the border of Syria and Turkey.
So the US has defeated territorially, as it is described, Daesh. It is drawing down its troops. But it is also examining appropriate transition arrangements on that border.

Senator WONG: And I assume that Australian officials are engaging with different parts of the US administration and system to gain greater clarity around the details of how that staged withdrawal will take place?

Ms Millar: That's correct.

Senator WONG: Is PM&C engaged in those discussions?

Ms Millar: Primarily, the Department of Foreign Affairs and Trade, and the Department of Defence are engaged in those discussions. Obviously, we keep a close eye on them. But they are primarily responsibility for taking forward those discussions with the United States.

Senator WONG: Have there been any discussions, though, that PM&C has actually been engaged in with relevant counterparts—as opposed to being told what others are talking about with counterparts—on these topics?

Mr Hayhurst: We are not engaged directly with the US administration as PM&C, no.

Senator WONG: Has there been any discussion at the political level that you're aware of?

Mr Hayhurst: I'm sorry, I missed the question.

Senator WONG: Has there been any political-level discussion?

Mr Hayhurst: I think all levels of the system, including ministers, have been discussing this matter with US counterparts since the original announcement by President Trump in, I think, December last year.

Senator WONG: Have there been any discussions involving the Prime Minister?

Ms Millar: There has certainly been ministerial discussion, as well as senior officials. For example, the foreign minister has had discussions with counterparts—

Senator WONG: I asked a specific question, Ms Millar. Please don't change the subject. I didn't ask about the foreign minister.

Mr Hayhurst: The Prime Minister has been involved in discussions with his ministers about this issue. That's certainly been the case since the original announcement, and the Prime Minister, I think, issued a media release essentially capturing that in December, and there have been further discussions since.

Senator WONG: Has the Prime Minister been engaging with counterparts about this issue since the original announcement in December?

Mr Hayhurst: The Prime Minister has made his views known directly to the United States on the matter—

Senator WONG: How?

Mr Hayhurst: since the original announcement.

Senator WONG: Has that been done by way of a phone call or a letter or some other means?

Ms Foster: It would appear we don't have that detail. We'll take it on notice.

Senator WONG: That's okay. Mr Hayhurst knows that the Prime Minister's views have been made known. I don't want to put him in too difficult a position, but I do want to know
something about that. I'd like to know how that is being communicated. Has there been a
direct engagement or has it been via post—how?

Mr Hayhurst: I know that the Prime Minister has discussed this matter directly with the
new United States ambassador. I'll have to check the other details just to get the right
information, and I can do that now.

Senator WONG: Thank you. What is the Prime Minister's position, given he's speaking
for the nation?

Mr Hayhurst: I think, as the Prime Minister's media release in December made clear, the
government is engaging closely with the United States as a partner, as a coalition partner, on
this important issue to ensure that we have the right policy to ensure that the gains made in the
campaign against the terrorists in Syria and other areas can be maintained. So that press
release is the government's position. Because the United States is still working through its
policy, the priority for the government is to engage closely with the United States
administration as a partner to ascertain the direction of that policy and how Australia will play
a role.

Senator WONG: Well, how will Australia play a role?

Mr Hayhurst: If, how—

Senator WONG: You said how, not if.

Mr Hayhurst: I did. The imprecision in my words relates to the fact that US policy is not
totally clear.

Senator WONG: Correct.

Mr Hayhurst: So the priority for the government is to engage at all levels with the US
administration. That is what the government is doing.

Senator WONG: If I were to ask you to characterise the stage of the discussions, would it
be a fair characterisation to say that the current government is engaging with the US
administration in order to get greater clarity about the US policy in relation to Syria, draw
down details of staged future plans and so forth?

Mr Hayhurst: Yes, I think that's a fair characterisation.

Senator WONG: So the situation is somewhat fluid?

Mr Hayhurst: I think that's also a fair characterisation.

Senator WONG: I notice The New York Times in the last couple of weeks has reported—
there've been a lot of reports. I'm not suggesting that one is particularly authoritative, because
there's been quite a lot of commentator and media conjecture about this issue. But one article
suggested a reduction in US troops by May, then a staged withdrawal but keeping some 400
troops there, half multinational and half—actually it wasn't clear; I assume the other half
would be American. Is a reference to a multinational force unusual, or is that something that's
been made public before?

Ms Millar: I think the fact that there's been a coalition process in Iraq and Syria, working
with the United States is what that refers to. That would be my working assumption.

Senator WONG: That's your working assumption?

Ms Millar: Yes.
Senator WONG: Thanks for that.

Senator STORER: I'd like to ask some questions about the Lobbying Code of Conduct. Canada has lobbying laws and an independent Commissioner of Lobbying, and not just third-party lobbyists but in-house lobbyists are also required to register. Similarly, in the US, third-party and in-house lobbyists are required to register. Why does the Lobbying Code of Conduct for Australia only apply to third-party lobbyists and not in-house lobbyists within a corporation?

Ms Foster: I'll ask Mr Reid if he's got any further detail, but the simple and not very helpful answer is that that is how the lobbyist code was constructed when it was put together—to apply only to third party lobbyists.

Mr Reid: The rationale for the Lobbying Code of Conduct was to ensure that government representatives were aware with whom they were speaking when they were speaking to people, which is why it was important to make sure that lobbyists were registered. For in-house lobbyists, prima facie it is clear for whom they work, so it was not considered necessary for that transparency element to include in-house lobbyists.

Senator STORER: Minister, do you think it's really appropriate? It may be clear that in-house lobbyists represent a corporation, but they therefore don't fall within the Lobbying Code of Conduct? Do you think Australians would agree with that?

Senator Cormann: I think it is appropriate because what is important is that the officials engaging with a particular individual know who that individual represents and whose interests that individual represents. Obviously somebody who works inside an organisation, advocating on behalf of the organisation, is very open and transparent on whose behalf they are advocating. As such, all of the necessary judgements can be made to deal with that engagement appropriately.

Senator STORER: But if they're not within the Lobbying Code of Conduct that applies to—

Senator Cormann: The Lobbying Code of Conduct is to ensure that, for those who are not otherwise obviously identifiable as to the interests that they're representing, there's a process to ensure the appropriate level of transparency around all of that so that the interaction can be appropriately managed. For any individual that works inside an organisation on behalf of a particular organisation, that is immediately obvious.

Senator STORER: The other elements—the other benefits—of the lobbying code do not apply to in-house lobbyists?

Ms Foster: That's correct. The code applies only to third-party lobbyists.

Senator STORER: So in-house lobbyists are free of the rigours of this code. I don't think the Australian people would understand why we would have a Lobbying Code of Conduct that applies requirements to those lobbyists but—

Senator Cormann: I think I've explained what the rationale for the differentiation is. It would obviously be a problem if you, as an official, were engaging with somebody who didn't disclose whose interests he or she was representing. But if you're an employee of an organisation, where you're advocating on behalf of that organisation, that problem isn't present.
**Senator STORER:** Paragraph 1.4 of the Lobbying Code of Conduct, applying to third-party lobbyists, states that the objective is to ensure that contact between the lobbyists—third-party lobbyists—and the Commonwealth government is conducted in accordance with 'public expectations of transparency'. How does this register ensure transparency if the public is not informed about who the government specifically meets with, when they meet and what they speak about?

**Ms Foster:** As Mr Reid explained, the point of having a third-party lobbyists register was so that there was transparency for those being lobbied in terms of who they were dealing with.

**Senator STORER:** But the public is not informed about who the government is meeting with, when they meet and what they speak about. It's just about names on a piece of paper, names on a sheet.

**Ms Foster:** What the register of lobbyists does is allow the public to know who has registered, so that if, for example, they're aware that an official is meeting with that person then they know that they're a registered lobbyist.

**Senator STORER:** In 2018, the Australian National Audit Office found the lobbyists register was lacking in elements of transparency. It recommended that PM&C undertake a review of the current regime to make it align more closely with its stated objectives. Has this review been undertaken?

**Ms Foster:** Again, I'll let Mr Reid fill in the detail, but, some months ago, policy responsibility for the Lobbying Code of Conduct transferred to the Attorney-General's Department. Because of a technical reason, involved with the maintenance of the database and the cycle of reviewing lobbyists and updating the database, we have held onto that database, which is why we're still involved in the questioning. That too will transfer to the Attorney-General's Department very shortly, so questions about the review or the intentions from here are more appropriately directed to them.

**Senator STORER:** Okay. Minister, could I return to the element in the Lobbying Code of Conduct about the register of third-party lobbyists. If the public is not being informed about who the government is meeting with, when they meet and what they speak about, how is that really providing transparency?

**Senator Cormann:** I don't think it would be practical to go to the extent that you're suggesting. Obviously the government has to have a capacity to make judgements, seek information and get advice, as long as there are appropriate safeguards around ensuring that, where particular vested interests are being advocated on behalf of, there's appropriate transparency around who the engagement is with—and, obviously, management of any conflicts of interest as appropriate, if required.

**Senator STORER:** I'm interested in—if you can answer the question—what disciplinary power PM&C have at their disposal if a lobbyist breaches the Lobbying Code of Conduct?

**Mr Reid:** The secretary of PM&C will not include a name on the register if that individual has breached either one of the substantive or one of the machinery aspects of the code.

**Senator STORER:** And the implications, therefore, flow that—

**Ms Foster:** They can no longer act as a third-party lobbyist.
Senator STORER: And that's the limit of the penalty that can be applied if a lobbyist is breaching the code of conduct—that they are removed from the register, full stop?

Mr Reid: That's right.

Senator STORER: It's a breach of the code of conduct to lobby when unregistered, so what specific disciplinary action can PM&C take against a lobbyist who is not registered and who breaches this requirement—a lobbyist who's not registered and is lobbying?

Mr Reid: There's nothing in the code that would require or empower PM&C to take any action in that case.

Ms Foster: There is an obligation on public officials not to engage with people who are not on the register. So, effectively, their access to public officials is withdrawn by virtue of them not being on the register.

Senator STORER: So, before every meeting, do you check the register? The onus, therefore, is on a public official, if meeting with someone, to check if they're on the lobbyists register?

Ms Foster: That's correct.

Senator STORER: There's no onus on anyone who's undertaking lobbying—there's no penalty for that person if they don't register?

Ms Foster: As I said, the penalty is that they are unable to conduct their lobbying activities.

Senator STORER: Minister, wouldn't the Australian people now be thinking that, for significant corporations that have in-house lobbyists—a big bank, for example—there should be transparency in terms of the meetings they're having with government, when they meet and the discussions they're having?

Senator Cormann: There is transparency around who they are when they represent any big organisation, whether that is ACOSS or a business or any other organisation. If you work for an organisation in a job like a government relations job, there is no question mark around whose interests you're advocating on behalf of.

Senator STORER: But your office would have your diary. They would be able to gather that information. It would be—

Senator Cormann: What are you asking?

Senator STORER: I guess I'm returning to point about the practicality of it that was made by the department. Wouldn't it be—

Senator Cormann: What problem are you trying to fix, when there is no uncertainty around who somebody representing ACOSS or a bank or a super fund is talking on behalf of, when they are in the employ of such an organisation, with a job to conduct government relations? Obviously governments do meet with a whole range of stakeholders, individual citizens as well as more organised stakeholders across a whole variety of areas, whether it's businesses, community organisations—you name it. That is business as usual. But to ensure that there is appropriate transparency around lobbying arrangements, it's important that there is disclosure of who somebody's talking on behalf of when they're not directly employed by an organisation, because when they're directly employed by an organisation for a particular purpose it is self-evident.
Senator STORER: So the transparency's for you, but it's not for the public—that's my point.

Senator Cormann: The transparency for the public is that we get asked questions in estimates three times a year. We get asked questions in question time. We get written questions. We get asked media questions. Obviously there is a high level of scrutiny of the activities of government, scrutinising the reasons behind policy decisions and the like.

CHAIR: Senator Storer, you have a bill on this matter before the chamber and I am just mindful of the standing orders on asking questions about a bill that has been introduced. This is very close territory to that. I have let it go so far, but I am just alerting you to that issue.

Senator STORER: Okay. Well, I had come to the end of my questions anyway, so I may move on just because I was going to do that anyway. I'm not necessarily going to move on because of your point. I'm unaware of your specific reference, but anyway. It's a bill before the Senate, so if the Senate has—

CHAIR: Yes. If a bill's been introduced, you can't ask questions about it in a parallel process, like Senate estimates or a different committee. It's for the appropriate committee, if it's referred to it. Of course, you're allowed to ask questions about the topic. I'm just making sure—

Senator STORER: Even if the Senate has lifted? The Senate finished last night.

Senator McALLISTER: I have a similar question. I had understood that the prohibition was for if a matter was under investigation in another committee—the point being that if senators had the opportunity to examine something in a committee elsewhere, you wouldn't want them to be deprived of the same opportunity here in this committee. I didn't think the mere fact of a bill was enough to prohibit questioning, but I might be wrong.

CHAIR: Certainly it is even clearer if a committee is considering it, but my understanding is it shouldn't be pursued, certainly in estimates, which is not really the appropriate forum to ask about bills anyway, particularly non-government bills. But anyway, in this instance it appears that Senator Storer has finished his questions.

Senator STORER: So, Minister, you would not be comfortable with, for example, indicating which lobbyist, in-house or third-party or otherwise, that you have met with this week?

Senator Cormann: Say that again?

Senator STORER: You would not be comfortable with a public record of lobbyists, in-house or third party, that you have met with this week, for example?

Senator Cormann: I haven't met with any lobbyists this week.

Senator STORER: But would you be comfortable with that?

Senator Cormann: Sure. I'm answering questions all the time. If there is something that somebody wants to ask me a question about, I will answer it to the best of my ability.

Senator STORER: If you say 'sure' then why isn't this just part of the normal activity?

Senator Cormann: I should rephrase: this week has obviously been budget week, so I would have been in—I haven't had meetings, but I could well have come across, in functions
related to the budget, people who are government relations professionals. But I have not, this week, had any meetings in my office with any of what you would describe as rich lobbyists.

**Senator STORER:** Rich?

**Senator Cormann:** Well, that's what you said; you used the phrase 'rich lobbyists'.

**Senator STORER:** Well, if I did—

**Senator Cormann:** You did. That is why I asked again.

**Senator STORER:** My apologies if I did; I don't believe I intended to. You've made the point about this week and meeting people at functions, but my point is about a normal state of affairs, a normal week in your—

**Senator Cormann:** I'm entirely comfortable answering questions about decisions that I make and interactions that I've had.

**Senator STORER:** But in this format, not in a declaration of—

**Senator Cormann:** If you have any specific questions, I'm happy to answer them.

**Senator STORER:** Okay. Could I turn the discussion to the Statement of Ministerial Standards and 2.25, which discusses post-ministerial employment. It notes: Ministers are required to undertake that, for an eighteen month period after ceasing to be a Minister, they will not lobby, advocate or have business meetings with members of the government, parliament, public service or defence force on any matters on which they have had official dealings as Minister in their last eighteen months in office.

The Grattan Institute have undertaken a study, which they released late last year, titled *Who's in the room? Access and influence in Australian politics*. In table 2.1 they refer to eight ex-cabinet ministers who, since 2011, have become lobbyists in areas that were within their cabinet portfolio within 18 months of leaving the ministry. Are you aware of any of these cases?

**Ms Foster:** Senator, I don't have the report in front of me, sorry.

**Senator STORER:** Are you aware of any cases of ex-cabinet ministers who have become lobbyists within 18 months of leaving the ministry?

**Ms Foster:** Senator, no; I don't have details of that.

**Senator STORER:** Okay. Has there been any disciplinary action taken with regard to 2.25 in the Statement of Ministerial Standards since it was commenced?

**Ms Foster:** Senator, I would have to take that on notice. As you probably are aware, the Prime Minister can request the Department of Prime Minister and Cabinet Secretary to undertake an inquiry, but I'd have to take on notice if there had been any and what the result was.

**Senator STORER:** In this study it is detailed that there are eight of them who are within this 18-month window. Are you aware of any disciplinary action that has been undertaken with regard to former ministers that have moved into lobbying roles within 18 months of leaving office?

**Ms Foster:** Senator, I have just said I will have to take that on notice.
Senator STORER: You will take that on notice? Okay. What disciplinary action is available for breaches of the ministerial standards in a situation such as this if a minister was to move into a lobbying role within 18 months of leaving office?

Ms Foster: So, Senator, the Statement of Ministerial Standards and the application of those to ministers is a matter between the Prime Minister and those ministers. I don't want to get into speculative answers, but if such a situation were to take place then it would be a matter for the Prime Minister.

Senator STORER: Okay. Is the fact that you have asked to for it to be taken on notice, which I would like you to do, indicative that you are not aware of any one single case?

Ms Foster: That's right, Senator, but I'm not wanting to mislead, which is why I would like to go back and check the records.

Senator STORER: Yes. So, you are unaware of any process that has occurred with regard to the possible breaching of 2.25 of the code?

Ms Foster: No, Senator, you asked me was I aware of any sanction being applied, and to that I responded that I would need to take that on notice.

Senator STORER: Okay. It seems quite concerning to me that there are public reports being made about eight different cases and yet you are unaware of one that you could raise with me. Is there any action being undertaken in the department with regard to post-ministerial employment?

Ms Foster: Senator, obviously, were there to have been inquiries like that, they would have been handled very sensitively and it's possible that I might not have knowledge of them. They might be handled in a very small group.

Senator STORER: Is this your area of direct responsibility within the department?

Ms Foster: When there are sensitive issues, they can be handled, for example, directly by a particular officer.

Senator STORER: Does Mr Reid have any knowledge of any of these instances?

Mr Reid: Like Ms Foster, I do not have the document you have in front of you.

Senator STORER: Okay, well, forget about the document. Are there any instances of intra-department discussions regarding the post ministerial employment and possible breaches of that 2.25 code?

Ms Foster: I just want to be clear. The question you asked me before was 'was I aware of any breaches?' and that was what I answered. I am aware that there have been some inquiries. I don't know, off the top of my head, how many. But I don't believe or am not aware that breaches were found as a result of those.

Senator STORER: Is there any further information that can be provided on the number of investigations that have been undertaken into breaches in this area?

Ms Foster: We can certainly take that on notice.

Senator STORER: Yes, if you could, please. I think that is fine.

Senator KITCHING: There is an advertisement called Back in Black. It was posted to social media accounts yesterday and it featured the Prime Minister and the Treasurer walking
the corridors of parliament while spruiking their projected budget surplus in 2019-20. What resources were allocated to the making of this?

Ms Foster: I am not aware and I don't believe that my staff were involved in that.

Senator KITCHING: Senator Cormann?

Senator Cormann: I am not aware of any agency of government being involved in this. This is obviously the same as the Labor Party does—the Liberal and National parties make sure that we communicate effectively about the achievements of the government. Like you would, from an opposition point of view, mount your case, we have put our case from the government's perspective. Obviously being back in the black is a significant achievement of the Liberal National government and it is quite appropriate that it is promoted accordingly.

Senator KITCHING: Ms Foster, are you able to take on notice to confirm about whether any departmental resources were used?

Senator Cormann: I am happy to take it on notice but I'm pretty confident the answer would be no.

Senator KITCHING: I think Mr Martin was making his way to the front. Were you?

Mr Martin: I can confirm the department was not involved in that.

Senator KITCHING: Okay, thank you. Was the Prime Minister's officer any of his staff involved in any way?

Senator Cormann: I would have to take that on notice.

Senator KITCHING: Was the Treasurer's office or any of his staff involved in any way?

Senator Cormann: I would have to take that on notice.

Senator KITCHING: Who wrote or developed the concept for the ad?

Senator Cormann: I am not aware. I would expect that this is something that is done at the appropriate level within the party organisation.

Senator KITCHING: Was the ad circulated among cabinet for feedback?

Senator Cormann: Not that I'm aware of.

Senator KITCHING: There is a split second where senators Payne and McKenzie can be seen but out of focus. Was there any consideration about featuring female cabinet ministers?

Senator Cormann: I haven't even seen the ad you are referencing.

Senator KITCHING: You will have to slo-mo it.

Senator Cormann: You obviously like the ad. It is good that the ad reached you as our target audience, clearly very effective advertising.

Senator KITCHING: I fear I might be a committed voter.

Senator Cormann: We have always looked at you as a swinging voter.

Senator McALLISTER: It was very effective in ways you may not like. I think if you thought about the effect it is having, you might pull it; it is unbelievable.

Senator KITCHING: The filming was done in Parliament House. Was all filming undertaken in areas where filming is permitted?

Senator Cormann: I am sure it was but I am happy to verify that on notice.
CHAIR: If there are no further questions for the Department of the Prime Minister and Cabinet in this area then I thank all the officials for their attendance here today and for their evidence. The committee will now move to the Finance portfolio.

Senator McALLISTER: Was anyone coming back to me with an answer about whether PM&C has a breakdown of the visa categories that comprise the significant increases in net migration outcomes?

Mr Duggan: We have been endeavouring to get that information. As far as we can work out, in the time that we have, we don't have that information.

Senator Cormann: It will come as soon as possible. While we're waiting for Finance to arrive, can I also just provide a further clarification. Earlier today, Senator Wong made an assertion that a story written by Katherine Murphy of *The Guardian* referenced a cabinet discussion. I made a very firm statement that that report was wrong on the basis that I believed that Senator Wong accurately had related the story as written by Katherine Murphy. It subsequently became clear that that was not the case, that she had not asserted in that story that there was a cabinet discussion. So I just thought I'd clarify that my very strong statement was based on my belief that Senator Wong had accurately related the story as written by Katherine Murphy.

Senator McALLISTER: Senator Wong was asking for clarification on that very question. She was seeking advice.

Senator Cormann: I can read out the transcript. This is what Senator Wong actually said: 'I want to go to a public media report about a cabinet discussion in relation to this issue' and then further 'As reported by Katherine Murphy on 28 March in *The Guardian*, a cabinet discussion about One Nation preferences of which you were a part of.' It is clear that the report by Katherine Murphy did not actually assert a cabinet discussion about One Nation preferences.

Senator McALLISTER: I think if you read the extended transcript, you will find, as I recall because I was sitting here and you were sitting here, an exchange between you and Senator Wong in relation to what was the status of the meeting?

Senator Cormann: Indeed, that is where the questions went subsequently. But I just wanted to make clear that my statement from the top about the inaccuracy of that report was based on me believing that the report had been accurately related, which it hadn't been.

CHAIR: We'll now move to the Finance portfolio.
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 APS 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 APS 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, Human Resources 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 Annwyn 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

**Australian Electoral Commission**
Mr Tom Rogers, Electoral Commissioner
Mr Jeff Pope, Deputy Electoral Commissioner
CHAIR: I reiterate for the committee and officers my earlier statement 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 the minister. I also briefly draw the attention to witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised, which will be incorporated in Hansard.

The extract read as follows—

Public interest immunity claims

That the Senate—

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

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

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

(1) If:

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

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

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

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

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

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

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

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

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

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

(13 May 2009 J.1941)
(Extract, Senate Standing Orders)

CHAIR: The committee has fixed 24 May 2019 as the date for return of responses to
questions on notice.

ASC Pty Ltd

[14:48]

CHAIR: I now welcome Mr Stuart Whiley, chief executive officer and managing director
of ASC Pty Ltd. 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.

CHAIR: Ms Huxtable, do you want to make an opening statement?

Ms Huxtable: No.

Senator Patrick: I just have a couple of questions in relation to manpower to start out
with. You've indicated, Mr Whiley, in an answer to a question on notice that between
previous estimates you'd lost about 10 engineers and, prior to that, you had indicated in
another question on notice that you had lost 25 in the periods prior. Have you talked to those
engineers on departure and found out where they are going?

Mr Whiley: We go through an exit interview process. It is not mandatory for all.
Senator PATRICK: Of course.

Mr WHILEY: It is voluntary. It engages those people in the organisation to find out what were their reasons for leaving, where they are going. They tell us, where they feel it appropriate to do so. So we have a good understanding of why they are leaving and where they are going to.

Senator PATRICK: Can you advise whether those people are going to other jobs—I obviously don't have the exact details—in the Osborne precinct or are they going to jobs elsewhere in the economy?

Mr WHILEY: Most of the professional engineers seem to be going to jobs in the maritime workspace inside Adelaide, effectively—not necessarily in the Osborne precinct but supporting what's happening in terms of the precinct.

Senator PATRICK: I say that noting that, in the next year or so, Olympic Dam will, I suspect, start winding up their expansion. Leigh Creek Energy has just discovered there is as much gas in the Leigh Creek area as there is in the Cooper Basin. We've got GFG in Whyalla going to a fairly significant technical upgrade, and the possibility of the Iron Road project at Wudinna. There are lots and lots of technical propositions. You've got a challenge already in respect of engineers going across to other projects in the shipbuilding domain. Do you have a plan in place in respect of engineers potentially going to some of these other projects?

Mr WHILEY: One of our four pillars of strategy is actually focused on workforce: the retention, the growth and the development of the workforce. We understand that the challenging market is the naval defence market but there is other growth in other engineering areas that is a threat to us. We're looking at ways we can mitigate that in terms of growing the number of engineers we have and the capability. As a business we're actually investing a large amount of money in capability development, in having some contingency against those occurrences to try and give us the tolerance and capacity to deal with those issues should they arise.

Senator PATRICK: In terms of investment in your people at ASC, how much do you think you’ve made?

Mr WHILEY: That's quite a hard thing to quantify but I know that specifically, over the last two to three years, we've invested approximately $3 million off the bottom line purely to mitigate risk and retention of capability and how we deal with that moving forward. But there are other layers that are embedded as part of the business which we are self-funding anyway. That's over and above what would be normal.

Senator PATRICK: I guess I'm saying: if you have an empty shipyard, you have a particular capability and costs of a particular amount. But to staff a shipyard with the sorts of people you've got, to get them to that level of experience, would take a considerable period of time and a considerable amount of money.

Mr WHILEY: I'll answer that with what we're finding today. When we lose an engineer, on average we lose an engineer with about 11 years of experience. When we replace him, we gain one or two years experience.

Senator PATRICK: There's a huge cost difference to get to that level.
Mr Whiley: There's a capacity and capability difference, and that's why we're spending a lot of time up-front building surplus capacity and capability into our models so that we don't become vulnerable to significant losses.

Senator PATRICK: The reason I was asking that question—I'm hoping Ms Huxtable has listened to that—is that I see from an answer to a question on notice that you have indicated that there was no cost involved in the sale of ASC Shipbuilding to BAE; it was simply given away. Even more significantly, you provided BAE with money to cover off liabilities in respect of long service leave and other entitlements. I find that an extraordinary thing to have done in the context of the sort of value that Mr Whiley has just talked about. Can someone explain to me how we sold the entire workforce of ASC to BAE for no cost, for no benefit to the taxpayer?

Ms Huxtable: The response to that QON, and a number of QONs that we responded to, does step through the terms and conditions under which the transfer to BAE occurred. At the time of transfer, the assets of ASC had been transferred to ANI. We did discuss that last time in the terms of the physical assets of the site—

Senator PATRICK: I accept that. I'm not suggesting there was any value in any physical asset. I'm focusing only on the workforce.

Ms Huxtable: and in respect of the transfer that occurred for a nominal amount, noting that, at the end of the shipbuilding program, the transfer back will also be at a nominal amount. It's an apples-with-apples comparison.

Senator PATRICK: Will it be the same nominal amount? What is the nominal amount?

Senator Cormann: It's $1.

Senator PATRICK: So we sold the workforce for $1?

Senator Cormann: No, we haven't sold it. We've got a sovereign share. It is with BAE for the life of this very important project, and it comes back for the same dollar with significantly enhanced value and capability transfer at the end of the build program, as I think you well understand.

Senator PATRICK: I think the 'golden share' idea is a great idea. I just find it difficult that we didn't charge—in fact, we paid them to take the workforce.

Senator Cormann: Obviously there were some outstanding liabilities.

Senator PATRICK: I'm just suggesting that it's a really unusual thing in the commercial world.

Senator Cormann: I don't think that's right. On what basis would BAE have been prepared to take over what was our liability?

Senator PATRICK: If I was negotiating, Minister, I would have let them consider the cost of trying to ramp up a workforce in the way that has been described by Mr Whiley.

Senator Cormann: I can't see any commercial circumstance in which a business would engage in a negotiation of this sort on that basis, in particular given that the whole operation comes back to the Commonwealth at the end of the project.

Senator PATRICK: In some form, obviously?

Senator Cormann: In all its forms.
Senator PATRICK: I'm happy to move on.

Ms Huxtable: Can I just add: in respect of the investment in the workforce, which I think you asked about previously, I'd also just draw your attention to the $29.4 million amount which Defence has provided in respect of the retention strategy around the workforce. I think we had spoken about that earlier but I just wanted to ensure that that was included.

Senator PATRICK: In terms of the FCD shift to WA or the possibility thereof, Mr Whiley, you've provided a response to a question that you've been contracted—is it $110,000?

Mr Whiley: That's correct.

Senator PATRICK: In terms of that particular contract, are there any particular milestones? Do you have to go through a draft or a final review stage? What's the nature of that?

Mr Whiley: We deliver an initial report to cover some of the options. We expect to continue other work on the remaining options with the intention of delivering a final report in the third quarter of this year.

Senator PATRICK: In terms of your preliminary view, in the information that you've provided to Defence, do you see anything that fetters the movement of full cycle dockings to Western Australia?

Mr Whiley: It's not for me to make those judgements. That's a matter for Defence.

Senator PATRICK: I understand Defence will make some considered opinion. I'm talking about the advice you've given to Defence. That's purely within your purview.

Mr Whiley: At this stage what we've provided them is data, not advice.


Mr Whiley: I would ask you to ask them what the report contains.

Senator PATRICK: No, Mr Whiley, I'm quite entitled to ask you about things that are within your purview. I'm not asking you what their decision might be. You have provided the information; you've done some work—on the taxpayers' coin—and passed that across to Defence. I'm asking you not what they will make of it but simply what you provided to them.

Mr Whiley: As I said, that information is on a Defence tasking. I would ask you to ask them for that information.

Senator PATRICK: I might ask them what they think of the data you've provided but it's not an unreasonable question. You can advance a public interest immunity claim if you want to, through the minister. I'm simply trying to understand—let me just quote the minister yesterday, on radio: 'These judgements will be entirely based on the advice from Defence, ASC and other relevant stakeholders.' Some final decision might get made. It's not unreasonable, from an oversight perspective, for the Senate to understand the sorts of parameters that might be involved in a shift of this magnitude.

Mr Whiley: As I said, what we've provided to Defence is some initial preliminary data regarding some of the options. It's not a complete view. Anything I might say is only ASC opinion. It's not—

Senator PATRICK: I appreciate that.
Senator Cormann: We'll take it on notice to see whether there's something we can sensibly and appropriately provide. I understand what you're getting at. I can confirm, again, that the government has not made any decision. The government will act on advice. It's clearly now going to be after the election. If and when that appropriate advice comes forward, there are obviously a range of considerations, including that there is going to be a lot of space utilised for the submarine build program and various other significant activities that are now happening in that precinct. Having said that, the appropriate work is underway to put the options forward, and the decision will be made at the right time, based on advice from Defence and others.

Senator Patrick: Minister, you would understand that before any government decision is made a whole bunch of work is done to get up to that decision and once the decision is made, it effectively becomes irreversible. I get the nuance of the fact that a decision hasn't been made—

Senator Cormann: I understand that. The thing is that I'm at a disadvantage too, because—and I've let this run because I'm being helpful—you are going very closely into what are ultimately deliberative processes of cabinet, through the NSC—

Senator Patrick: No, I'm not asking at all for what you might be deliberating on in cabinet.

Senator Cormann: You are going to the substance of what will inform deliberative processes of cabinet.

Senator Patrick: It's an absolute no-brainer. Odgers' is very clear on this: advice to government is not something upon which—

Senator Cormann: I'm not talking about advice to government; I'm talking about information and advice that underpins the deliberative processes of cabinet, which is a somewhat different category. This is not just ordinary advice. Ultimately, this will involve a decision by the cabinet and the National Security Committee of cabinet. Obviously, a whole lot of work goes on to inform that deliberative process. There are very good reasons why there is this concept of cabinet confidentiality in the Westminster system. In an abundance of helpfulness, what I have indicated to you is that I do understand it is what you're looking for and what I would propose to do in order to be helpful, is to consider on notice what it is that we might helpfully be able to provide to you.

Senator Patrick: Minister, I wonder if you could work out who might have said this. I am reading from Hansard:

I am sincerely shocked at how quickly this government have turned into a secretive government. I am shocked at the long and detailed …

Senator Cormann: It sounds like the Rudd government to me! I remember it well.

Senator Patrick: Senator Cormann said that on 13 May 2009 in respect of difficulty he was having trying to get information out of people at estimates.

Senator Cormann: Indeed. And you know what?

Senator Patrick: In a couple of months he might be sitting on the same side as me and—
Senator Cormann: Are you getting as cocky as the Labor Party now and declaring the results before the writs have even been issued?

Senator PATRICK: I am just saying it's a possibility that you might be on the other side dragging out your old speech.

Senator Cormann: Well, let me tell you, I actually pride myself on complying with both the spirit and the letter of the order that was passed by the Senate at that time. But hundreds of years of cabinet confidentiality under the Westminster system have served our democracy well, because there has to be a capacity for governments to make decisions.

Senator PATRICK: Mr Whiley, when you were tasked with this particular activity, were you advised, either verbally or in writing, that the dominant purpose of this particular piece of work that you were doing was for submission to cabinet?

Mr Whiley: I was of the understanding it would support a submission to cabinet.

Senator PATRICK: Who provided that advice to you?

Mr Whiley: It came through my customer.

Senator PATRICK: Is it in the contract? In the work order?

Mr Whiley: To be perfectly honest, I can't remember specifically what was—

Senator PATRICK: Because that's the only test that applies, Minister—whether or not that was stated up front. That is the test at law. I have a couple of other questions in relation to that. You have come to no determination, no preliminary view, as to whether or not it is possible to shift FDCs across to—

Mr Whiley: No conclusions at all, at this point in time.

Senator PATRICK: In terms of capacity in Western Australia, for example, do you have the ability to expand the site there? Do you have land available? Are there any things that restrict you in that respect?

Mr Whiley: There are a number of things that would have to be put in place for us to expand to be able to deal with the capacity—both from an infrastructure and a people perspective.

Senator PATRICK: I presume you would have to procure land. Or do you have land available?

Mr Whiley: We don't have land available currently, but there are discussions underway that possibly could provide capacity, if required.

Senator PATRICK: In terms of transferring a workforce, have you examined any part of that in your work?

Mr Whiley: Obviously, this is all part of the report, and you are entering into what is in the report a little bit now. But those are issues are being considering.

Senator PATRICK: These are reasonable things to ask for.

Mr Whiley: These are things that are being considered in terms of the thing. I think I've said previously in the Senate that my belief is that we've tested the workforce. I don't think the workforce will move en masse. If it was to occur, the maximum we could get is probably 10 per cent transition from South Australia to go to Western Australia. I think I've said that in—
Senator PATRICK: Sure, and that is in some sense hugely problematic in the context of retaining that very good capability you now have with Collins.

Mr Whiley: I think it depends on what the solution is that we end up with.

Senator PATRICK: Have you been talking to Defence in respect of future submarine sustainment?

Mr Whiley: No.

Senator PATRICK: Why not?

Mr Whiley: It comes up. They know we have aspirations for it. But there's no tasking, or no work, in that space for us at this point in time.

Senator PATRICK: But, in terms of business development, you surely must be in there advocating—

Mr Whiley: They fully understand that we want to be involved in future submarine sustainment. We have developed, over the last 10 to 15 years, a world-class sustainment capability, and I reckon there's probably not much better in the world in terms of conventional summaries than what we deliver. We certainly understand what it is to take a foreign design, implement it for an Australian context, an Australian environment, and deliver great outcomes. I am very keen that, when sustainment becomes a topic—and I'm hoping that, in the not-too-distant future, in this next phase of design in future submarine, sustainment will start to raise its head as an issue that needs addressing—we will get some opportunity to work in that space.

Senator PATRICK: I seem to recall that, during a previous estimates, Defence indicated that they were going to start talking to you about some of this.

Mr Whiley: At this point in time, they haven't formally talked to us. The fact that they've only just signed the design contract, as of a couple of weeks ago, I think is an indication of where they are. It's during this next conceptual design—where we design for production, design for operation and design for sustainment—that the issues will start to arise.

Senator PATRICK: The agreement that you've signed with Naval Group to, in some sense, do work with them on future submarines—is it possible to provide the committee, on notice, with some details as to the scope of the cooperation? I don't want any of the commercial terms.

Mr Whiley: I can provide a copy of the framework arrangement, if you'd like that, on notice.

Senator PATRICK: Okay. Fantastic.

Mr Whiley: Just a point of clarification: it's a framework that works both ways. Initially we had three taskings from Naval Group, and they relate to workforce. We are actually going to start to train some of their apprentices and some of their graduates. We are going to work with them on how we can provide some—

Senator PATRICK: Is there a consideration in respect of that training? They're going to pay you for that, I presume.

Mr Whiley: Yes, they are going to pay for it.

Senator PATRICK: They are going to pay for it?
Mr Whiley: Absolutely, yes. We're going to look at lessons learnt developing Australian supply chain for submarines, where we can add value in terms of that space for them, and, finally, in terms of initial tasking, what it is to operate a production yard safely under an Australian legislative environment and all the lessons learnt over time to deliver great outcomes in that space.

The reason I raise the issue about the ability to go both ways is that we're also going to look to task Naval Group on some aspects of what the Attack submarine does in terms of helping us in the LOTE space. There will be some issues of Collins that we will need to upgrade. If we can take elements out of Attack and put them into Collins, we're going to do that. There are some areas where we've already spoken to them that we want to go and talk to—this ability to contract them and provide that expertise back into Collins as well.

Senator PATRICK: That's very helpful. If you wouldn't mind tabling it as well, that would be good.

Mr Whiley: Yes, the framework agreement.

Senator PATRICK: You mentioned LOTE, life of type extension, for the Collins class submarines. What engagement have you had with Defence? What work are you likely to do? Are you at the stage of talking about the details of what you will do and what it will cost? Have you looked at the capacity of your current operations to accommodate any such upgrades to Collins?

Mr Whiley: At this stage, we have an overarching plan for LOTE. It's very much in the early phases. We're working as an integrated product team with Defence, co-located, to actually look at certain aspects of the Collins submarine, about those upgrades and what we can do. They're quite limited in the number of aspects we're looking at at the moment. We're looking to put a proposal to go to gate 2 proposal by 2020.

Senator PATRICK: Like a second-pass proposal?

Mr Whiley: A second-pass proposal, working with Defence themselves to look at how we can get LOTE into a formal project for delivery.

Senator PATRICK: Minister, I don't think life of type extension of Collins is in the integrated investment plan.

Senator Cormann: That is not a question for this estimates. That is a question for Defence.

Senator PATRICK: Sure. I'll take that. Did you want to continue in relation to LOTE, Mr Whiley?

Mr Whiley: I think I've probably answered the question.

Senator PATRICK: Will that involve an increase in your workforce?

Mr Whiley: Obviously, we will need to increase the numbers of people to do the LOTE program, yes.

Senator PATRICK: Do you have any idea of the magnitude of that? I'm not going to hold you to it. Is it 10, 100, or 1,000?
Mr Whiley: At its peak, it's going to be in the 100 to 150 range, in terms of the design capability required to integrate those changes into the Collins platform. We are busily, behind the scenes, building insider capacity inside the organisation to deal with those elements—

Senator PATRICK: Can I have two more short questions?

CHAIR: We have ASC scheduled for 15 minutes; you've had them for about 20. I'm really going to have to go to Senator Gallacher, because I know he has questions.

Senator GALLACHER: I have just a few short questions. We know from our inquiries in the Defence area at the relevant committee that there are a number of job losses attributed to ASC between 2017 and 2018. Do you know that number, Mr Whiley?

Mr Whiley: Not in front of me. I haven't got that detail in front of me.

Senator GALLACHER: Did ASC not provide the answer in—

Mr Whiley: Are you referring to ASC shipbuilding losses?

Senator GALLACHER: Yes.

Mr Whiley: I don't have those. I can take those questions on notice, to provide—

Senator GALLACHER: We've already had them on notice.

Senator Cormann: I can say again, given that you ask these questions again, that any job losses could have been avoided if Labor, during its six-year period in government, had made a decision to commission the building of one single ship. Of course, as we know, the Liberal-National government has committed to an $89 billion naval shipbuilding program of 54 vessels from Australian yards, including 12 submarines, 12 offshore patrol vessels, nine future frigates and 21 Pacific patrol boats, whereas Labor, during six years in government, didn't commission any vessel from an Australian yard. So any job losses at ASC and elsewhere in the shipbuilding industry are a direct result of Labor's valley of death, which we've been addressing. And the future now is bright, whereas, of course, the past has been worse than it could have been, if Labor had made some appropriate decisions at the right time.

Senator PATRICK: Chair, it's a longstanding tradition in this committee that, when he says that, I then mention the supply ships and I mention the icebreaker.

CHAIR: Briefly, please.

Senator PATRICK: We go through this every estimates.

Senator GALLACHER: Mr Whiley—

Senator Cormann: I've got to also add that, in relation to the future shipbuilding workforce, we expect the submarine attack class workforce at its peak to have an annual average of 1,100 direct jobs; for the Hunter class frigates, the workforce at its peak will be 1,500 direct jobs; and, for the Arafura class patrol vessels, the offshore patrol vessels, there will be 400 direct jobs. And in relation to the infrastructure development at Osborne South Naval Shipyard and Osborne North submarine construction yards, there will be 400 direct jobs at Osborne South and 600 peak construction jobs for both yards and, of course, 200 direct jobs for the Pacific Patrol Boat Replacement Program. And I should say that the submarine attack class program is expected to generate an annual average of around 2,800 jobs, which includes 1,700 indirect jobs over its expected life. There are approximately 1,500 direct jobs and 2½ thousand indirect jobs which will start ramping up from 2020 in relation to
the shipbuilding Hunter class frigates workforce. It's estimated that, across Australia, over 6,300 full-time jobs will be created at the peak of the shipbuilding Hunter class frigates program in 2028.

In relation to the offshore patrol vessel program, I have already indicated all of that, and I might just leave it there. But the point again is that the work that we've done is leading to a brighter future, including a brighter jobs future, and giving us the capability we need into the future from a Defence point of view, whereas you did nothing. And the reason we are talking about the issues that you're asking about is that Labor, over its six years—

Senator GALLACHER: Chair, is he asking me a question? Do I get to respond to this, or do I get to ask questions in a minute?

CHAIR: It's a fair question, Senator Gallacher. Senator Cormann, we are quite behind time, as useful as that is.

Senator GALLACHER: Thank you for answering all those questions I didn't ask. Mr Whiley, your organisation has provided on notice that 439 ASC trade employees were released between 2017-18 in the handover to BAE. Your organisation has answered that question on notice. Are you, as the CEO, saying you are unaware of that number?

Mr Whiley: I don't recollect that exact number. If that's what you're telling me we've told you in the past, I accept what you're saying.

Senator GALLACHER: What is the process? Four hundred and thirty-nine ASC trade employees were released in that calendar year. Did you have any contractual obligations on BAE to pick those people up? Were there arrangements in place to have them transmitted to other sectors, or was it a laissez-faire system: 'You've lost your job; see what you can do'?

Mr Whiley: No. Certainly in the process of when the people were let go, there were a number of processes we put in place to try and relocate or rejob people as they were leaving the business. We had jobs fairs held at the precinct. We gave all the names of people leaving to local labour hire companies.

Senator GALLACHER: In the interests of time, what requirements did you put—

Senator Cormann: Could I make a clarification here? The numbers and answers you're quoting are not an ASC answer. You're quoting directly from an answer on notice from Senator Wong to Defence in the Defence estimates.

Senator GALLACHER: Because, when we ask questions here, we get directed there and, when we ask questions there, we get directed here.

Senator Cormann: But the point is Defence gave you the answer.

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FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE
Senator GALLACHER: So you're saying it's wrong.

Senator Cormann: No, what I'm saying is you kept saying it was an answer provided by ASC. It wasn't.

Senator GALLACHER: I did say in estimates before another committee questions were asked when we got this answer. Very clearly, it is a Defence answer, but it is quoting ASC advising Defence of that number.

Mr Whiley: If that's what you're telling me—

Senator GALLACHER: That's what it reads.

Mr Whiley: I don't know.

Senator GALLACHER: So 439. Were there any requirements, contracts or obligations on fitting those people to other tasks?

Senator Cormann: Sorry; I've got to take over here because you're asserting to Mr Wiley, and I thought it was misleading that he somehow provided an answer before which he hadn't. Now you're selectively quoting from this answer. The answer you're quoting from also, of course, talks about a number of new employment opportunities which have been created across the Osborne precinct over this period, including 340 construction workers on the Osborne south shipyard redevelopment, which continues to grow and will peak at about 400 people over coming months; 150 additional workers involved in steel fabrication and associated activities consisting of locally engaged South Australian staff as well as staff from Victoria and Queensland; 93 employees directly involved in the construction of the first Arafura class offshore patrol vessel; 66 temporary transfers of approximately 10 months duration between ASC Shipbuilding to ASC Pty Ltd to support the HMAS Waller full-cycle docking under the $29.4 million targeted retention strategy; 41 permanent transfers from ASC ship building under the $29.4 million target retention strategy; 28 permanent employees within Australian naval infrastructure; and 25 permanent employees within NSA Pty Ltd, the joint venture selected to establish and operate the Naval Shipbuilding College. So you're focusing in isolation on the bit that helps you make a political point, but you're not presenting the full picture and you are attributing the answer to the wrong source.

Senator GALLACHER: Heaven forbid I make a political point in estimates! But the detail you've just read out is not in the detail I have in front of me.

Senator Cormann: That must have been because the person who gave you this question was very keen for you to focus just on the downside in isolation of the upside.

Senator GALLACHER: Well let's cut to the chase. Were there any requirements? It's a pretty straightforward question. There were 439 people who left, were sacked by you or were disposed of in some way. Were there any contractual requirements on picking them up? That's the question.

Senator Cormann: And the answer is that, overwhelmingly, the net effect of our decisions as a government in this space is an increase in employment, not a reduction in employment.

Senator GALLACHER: I take it there were no contractual requirements on employing those people by BAE or any other—
Senator Cormann: We are increasing the number of jobs in this space in net terms, not reducing it.

Senator GALLACHER: How does it work, Minister? You're the single shareholder of ASC during that period of time and there is a reduction in the contractual workforce. Does it come to the board and then go to you for sign off that we need to let go 239 people?

Senator Cormann: Hang on. Firstly—

Senator GALLACHER: Do you sign off on the sacking of 239 people or 439 people? How does it work?

Senator Cormann: Firstly, ASC operates as a business with a board and management and they operate as a business at arm's length from the government. Shareholders don't have day-to-day involvement in the running of a business, whether that is a privately owned business or a publicly owned business. Secondly, as a result of the decisions that our government has made the number of jobs is increasing. If we had stayed on the trajectory that Labor left behind the number of jobs would be continuing to decrease. You're focusing on the impact of your lack of decision-making in the past without looking at the beneficial impact of the decisions that we've made. I'm just making sure that there is a balanced presentation of what is actually happening. And I think that Senator Rex Patrick would recognise that into the future, the future for the shipbuilding industry in South Australia is much brighter than what it was when we came into government.

Senator GALLACHER: During the last 12 months—you as the minister and the single shareholder—there were 439 job losses and you delegated their sacking to the board, is that what you're telling me?

Senator Cormann: That is ridiculous. I completely reject that—

Senator GALLACHER: All shareholders take responsibility for the chairman of the board's actions—

Senator Cormann: I reject that characterisation. We have made the decisions to ensure that the workers of ASC and the workers in the shipbuilding industry in Australia more generally have a bright future on the back of an $89 billion record investment in our future naval ship capability.

Senator GALLACHER: Purely as a matter of process, does the shareholder sign-off on the workforce?

Senator Cormann: The shareholder is not involved in management decisions or in board decisions. No shareholder in any business, other than through the normal governance processes like through annual general meetings and the like, is involved in the day-to-day management of a business that they're a shareholder in.

Senator GALLACHER: When there's a single shareholder no-one's involved?

Senator Cormann: There is a board. There's a management. ASC operates as an independent business.

Senator GALLACHER: If they relinquish the opportunities for 439 people the single shareholder does not get advised of that—
Senator Cormann: You are deliberately ignoring the fact that the number of jobs is actually on the increase. You're focusing on something in isolation, being quite misleading, in order to create a false, negative picture that is not actually consistent with reality.

Senator GALLACHER: The 439 people lost their jobs—

Senator Cormann: Somebody gave you a misleading piece of information, because they deliberately excluded from the answer that was provided to you the hundreds and hundreds of additional new jobs that were—

Senator GALLACHER: Because they were avoiding this central issue. During one year you signed off on 439 sackings, and you never bothered to get across it—

Senator Cormann: You can repeat a lie as often as you want. That doesn't make it the truth.

Senator GALLACHER: It's not a lie; it's a fact.

Senator Cormann: No, it's not. You can repeat as lie as often as you like. It doesn't make it come true.

Senator GALLACHER: It's not a lie. Your evidence here is that you didn't bother to look at it, you just delegated it to the board. Thank you, chair.

CHAIR: Thank you, Senator Gallagher. As there are no further questions for the ASC, I thank you very much for your evidence and we'll now move to ANI.

Australian Naval Infrastructure Pty Ltd

[15:23]

CHAIR: Welcome. Mr Knox, do you wish to make an opening statement?

Mr Knox: Yes, please.

CHAIR: Hopefully it will be a brief one.

Mr Knox: It is. Thank you for the opportunity to provide a further progress update on ANI's activities. The Osborne South development project is approximately 46 per cent complete with 43 per cent of the budget spent at the end of March 2019. The target to complete the new building works remains the end of the first quarter 2020. As previously advised, the estimated cost to complete the project has increased slightly by five per cent from $535 million to $560 million.

The key milestones over the next six months are the raising of the walls on the block out fitting and erection hall, which we call building 22, and the supply and installation of cranes and manufacturing equipment in the steel fabrication assembly hall, which we call building 20. A joint BAE, ASC Shipbuilding, CASG and ANI commissioning team has been formed to manage the commissioning and handover of the yard to ASC Shipbuilding.

The construction and engineering workforce is now at its peak, with approximately 400 staff on site at south Osborne and an estimated further 150 staff engaged in off-site steel fabrication. ANI has engaged Laing O'Rourke as the managing contractor for the Osborne north submarine yard and has started the planning phase for the design of two key greenfield facilities: the Platform Land Based Test Facility and the Combat System Physical Integration Facility. The facilities are being designed to Naval Group's and Lockheed Martin's functional requirements. The planning phase for the main works will commence once the functional
requirements have been agreed between the Naval Group and Defence. Laing O'Rourke has a team of approximately 100 project personnel designing the two initial facilities. ANI continues to add capability with the addition of two senior project managers and the engagement of four students working with the senior engineers. ANI has a total of 28 staff and six contractors plus four students and one apprentice. Thank you.

Senator PATRICK: Thank you for your opening statement. You mentioned a couple of milestones there, including raising of the wall and supply and installation of cranes in building 20.

Mr Knox: Yes.

Senator PATRICK: I presume that you have at least some sort of project milestone list?

Mr Knox: Yes.

Senator PATRICK: Can you provide that to the committee, please?

Mr Knox: We can certainly provide some further transparency to what the key milestones are. I raised those two because they're really the two critical ones for us to deliver in the timeframe of Q1 2020.

Senator PATRICK: Sure, but you would understand that one of the easy ways for an oversight body to have a look at how you're progressing is to have a look at what your milestone targets are, and then it's easy for us to see whether you're on time or not.

Mr Knox: Obviously, the shareholders, both Finance and Defence, do that on a very continuous basis, and we provide monthly reports et cetera.

Senator PATRICK: That doesn't reduce my responsibilities from a Senate oversight perspective. I'm wondering if you could provide that—I'd like two things, actually: I'd like the milestone list, as was the case at the start of the project, and then the date on which they're being completed or are projected to be completed as it currently stands. Those dates may be different.

Mr Knox: We certainly can provide you with what the key milestones are looking forward to ensure that we deliver the project by March 2020, which is effectively one year from now.

Senator PATRICK: Sure. I'd like to see what the milestones were when you initiated the project or got to the commencement of the spending of the first dollar, and then where those milestones were in terms of actual achievement of the milestones and planned achievement for those that remain.

Mr Knox: We can certainly provide some milestones going forward.

Senator PATRICK: Thank you. What have you done since we last met? I note you've gone from 40 per cent to 46 per cent now.

Mr Knox: Yes. It's probably not truly representative of the progress on the shipyard. When you saw it in March, there was a little bit of steel up. If you go down Victoria Road now, you'll see an awful lot of steel up, especially on building 21. We've also had some good success in making sure that the European suppliers of the critical equipment, which is really sophisticated equipment, are working well and on time, because that's a really important milestone for us. We need all that equipment, basically, to arrive this year so that we can install it and get it commissioned for the March delivery.
**Senator PATRICK:** That's the crane, isn't it?

**Mr Knox:** The cranes are one aspect, but there are also the cutting tables and all of the very sophisticated robotic welding equipment that's going to be in this yard. This yard is a truly world-class naval shipyard. There's going to be none like it in the world when we finish. This will be the best.

**Senator PATRICK:** It might have been better with Australian cranes, but I'll leave that alone.

**Mr Knox:** As I said on that issue, eight of the 12 cranes are being made in Melbourne by McLeod Steel. So there is in fact very high Australian content. We're running in excess of 85 per cent of Australian steel and, of the total on the money front, we're running in excess of 87 per cent Australian content. So the Australian content is extremely high.

**Senator PATRICK:** When you talk about Australian content, just to be sure—and that's a great number compared to 30 per cent on the Future Submarine project at the moment—are you talking about funds to an ABN, which could then be subcontracted overseas, or are you talking about actual work carried out in Australia?

**Mr Knox:** Obviously, when I'm talking about steel I'm talking about tonnage and, actually, to Australian steelmakers—so that's very straightforward. When we're talking about money, we're talking about money that is actually spent in Australia.

**Senator PATRICK:** How do you track that?

**Mr Knox:** Basically, through the companies we contract with. We know where they're based.

**Senator PATRICK:** So they have obligation in the contract to track and supply you with—

**Mr Knox:** Lendlease have an obligation in the contract to keep abreast of the Australian content—with our approval—as they award contracts, and that's going on.

**Senator PATRICK:** That's fantastic. At the last estimates we also talked about the use of ASC North, and you have provided an answer on notice that you are in discussions about that. Can you give any update as to where you've landed with Naval Group and Defence on that?

**Mr Knox:** The key thing with the Osborne North submarine construction yard—

**Senator PATRICK:** Submarine sustainment yard.

**Mr Knox:** No, I am talking about the construction yard. We're not involved in the sustainment game at all.

**Senator PATRICK:** I am only talking about ASC North.

**Mr Knox:** So we are not, right now, involved in any discussions on ASC North sustainment. We are involved in constructing the Future Submarine yard, and particularly those two facilities I talked about: the platform land-based test facility and the combat system, which is Lockheed Martin's facility. Those are the two facilities that we're currently constructing. At some stage we expect the Naval Group and Defence to finalise the design for the whole yard, which we call the main works. But that hasn't happened yet. When that happens, they'll pass that to us and we'll execute it. But that hasn't occurred yet.
Senator PATRICK: I seem to recall your evidence last time around was—and I'm just talking about where FCDs, full-cycle dockings, are carried out at the moment—that you had had some discussions with Naval Group and/or Defence about the use of that space for the future shipyard.

Mr Knox: No, I think that was a misunderstanding, and perhaps on my part as well. As I say, we are focused on building the new yard, which is a greenfield yard, largely. And, particularly, right now we've been given the task of building the two facilities which are considered to be on the critical path for the Future Submarine.

Senator PATRICK: Sure. But you have been involved in shipyard discussions?

Mr Knox: At some stage we will be given the design of the whole shipyard.

Senator PATRICK: But you're engaged in discussions. You won't just be given the design and told to go forth and do this.

Mr Knox: We have limited involvement. Our role in any of those discussions is about constructability, as far as we can input there. But let me assure you, Senator, that, regardless of what is decided—and it's obviously still in front of Naval Group and Defence as to how that really works—we have space to accommodate all the options. As you know yourself, it's a big space, it's a good shipyard. So we can accommodate whatever option is finally agreed.

Senator PATRICK: And I have criticised Minister Pyne for his suggestion that there's not enough space there.

Mr Knox: There is enough space to do that.

Senator PATRICK: I agree with you. I will leave it at that.

Mr Knox: So that gives us good flexibility.

Senator PATRICK: Thank you for the update.

CHAIR: There being no further questions, I thank you very much for your attendance and your evidence here this afternoon.

Department of Finance

[15:33]

CHAIR: I now welcome Ms Rosemary Huxtable, Secretary of the Department of Finance, and officers from the department. Minister, I gather you don't have an opening statement, and Ms Huxtable, I gather you don't have an opening statement. I note that we have a break due in about 10 minutes.

Senator McALLISTER: I wanted to get some understanding about your thinking about the PEFO, given the likelihood of an election being called quite soon. I understand the deadline for the release of the PEFO is within 10 days of issuing the writs but that in the past that timetable has been a little faster. What is your thinking about that, Ms Huxtable?

Ms Huxtable: I will be meeting with Mr Gaetjens, the secretary of the Treasury. When the election is called, we will meet very soon after that point to finalise the time frames and the key milestones. As you'd be aware, Senator, the requirements around the PEFO are set out in the Charter of Budget Honesty Act, and it sets out very clearly what is included in the PEFO, the timing, and the roles and responsibilities of each secretary in that regard. So, while we certainly have put our minds to it to a degree—noting that we've just delivered the budget
in the last two days—we are potentially in a very similar situation to 2016. So we will certainly be turning our minds, probably when we finish estimates, to the various milestone points in respect of PEFO. But we are required to deliver it within 10 calendar days, and that will be what we are working toward. Amanda will be able to help me. In 2016, last time, I am told that we delivered the PEFO on 20 May and the writs were issued on 16 May. But there may have been a gap between the election being notified and the writs being issued, so we had some days there where we could start the work, effectively.

Senator McALLISTER: Just for clarity, you’ve referred on a number of occasions to 'we' and the obligations 'we' have. Are you referring there to the department alone or to the Public Service more generally?

Ms Huxtable: I think when I say 'we' I'm really referring to the responsibilities that Mr Gaetjens and I have as the authors of PEFO, but also to 'we' as in the team who are going to do the work around the consolidation that will need to occur and the bringing together of information. As I said, the roles and responsibilities are quite clear between the two secretaries, so we will be working on our elements of the PEFO and Treasury will be working on their elements, and we'll bring that together.

Senator McALLISTER: Have you had a discussion with Mr Gaetjens?

Ms Huxtable: Only to the extent that we did have a very short discussion that it would be good to meet as soon as the election is called, just to share the timetable and thinking and meet with our key officials—so with the deputy secretaries and first assistant secretaries involved—just so that we're all on the same path from early on.

Senator McALLISTER: When did that discussion occur?

Ms Huxtable: Probably in the last week or so. I know that a couple of times have gone in the diary, depending on when the election may be called, so I think potentially we have a date next week and also the week after. We'll be flexible then, clearly, but we just wanted to get in early.

Senator McALLISTER: Has there been any discussion about the timeline for publication?

Ms Huxtable: No, I didn't have that discussion with him. It was really just that it would be good to get together and talk through those things and make sure that we're all on the same page, and that was it, really.

Senator McALLISTER: I wanted to ask some questions about the budget treatment of particular measures, but I thought it might be helpful to just get on the same page about some conceptual issues, particularly in relation to the distinction between variations and measures. It's a conversation we've had in the past. My understanding is that essentially the distinction is that if a change in expenditure arises because of some external factor then this is a variation, but if government makes an actual decision then it's a measure. That is how we ought to think about these things?

Ms Huxtable: That's a sort of working definition of the difference. I think we have been through this in the past. Variations do occur. The ones that people are probably most familiar with relate to demand-driven programs. We go through a process at every economic update, in consultation with our portfolio agencies, to review the target group numbers, the nature of the payments that are being received and whether they're consistent with the underpinning
assumptions in the forward estimates. Then, obviously, there's the impact of changes to economic parameters that then flow through to all programs across the government in different ways.

Senator Cormann: We can make policy decisions which have the effect of increasing or reducing spending or increasing or reducing revenue by changing the design features of a particular measure. But all measures that are in place at any one point in time are because of what happens in the economy, because of what happens to demand for services or because of what happens in terms of the supply of certain services. There are judgements made on what the most likely level of expenditure is going to be in the context of what happens in the community and the economy and so on, and that is reflected in the budget papers.

Sometimes that means we end up spending more than what was previously assumed. For example, on public hospitals, you will find that, compared to what was previously assumed, we are spending $1.9 billion more, or thereabouts. In relation to the NDIS, compared to what was previously assumed the level of utilisation would be, we are expecting now to spend $1.6 billion less, not as a result of a decision but because the transition of people with a disability from the old arrangements to the new arrangements has been somewhat slower than the ambitious pathway that was previously assumed. There are two main reasons for this. One, because some of the states have been slower than previously assumed in terms of signing on to the full scheme, and also because the private provider market has been somewhat slower than previously assumed in meeting all of the potential demands for those services. So that is essentially reflected in what our expectations are now in terms of the level of expenditure in 2019-20 and beyond.

Senator McAllister: I do want to ask about the NDIS, but just before we leave this conceptual discussion: as I understand it, the distinction is that, if you have a grant for $100 a person under certain circumstances and fewer than expected people take it up, the reduction in cost associated with that grant program would be considered a variation. By contrast, if you decided to reduce the value of the grant from $100 a person to $80, that is a decision from government to change the nature of the policy and that would be considered a measure.

Ms Huxtable: Generally, I would say that.

Senator McAllister: I understand. It is an example to illustrate it.

Ms Huxtable: It is quite complex. There are a number of factors that feed into estimates variations.

Senator McAllister: Sure.

Ms Huxtable: As the minister said, I think—

Senator McAllister: What I am really trying to come to is the idea that, where there is not merely a variation but an actual new measure or decision, it ought to be reflected in the budget papers, and in particular in BP2.

Senator Cormann: Yes. If there is a new measure or a new decision, it is reflected in budget paper 2.

Senator McAllister: Okay. So can we come back to the NDIS. I note that the impact of parameter variations across the forward estimates is a $32 billion saving.
Ms Huxtable: Sorry?

Senator Cormann: Where do you see—I'm looking at here at 28.4.

Senator McALLISTER: Yes, my apologies. But, if you also include the actuals for the year just passed.

Senator Cormann: If you look at page 3-21 of budget paper 1, you will see parameter and other variations since the 2018-19 MYEFO have decreased cash payments by $5.7 billion in 2019-20, and by $28.4 billion over the four years to 2022-23.

Ms Huxtable: I don't think you can add—sorry, go on.

Senator McALLISTER: Please, do explain, Ms Huxtable. That would be quite helpful.

Senator Cormann: Well, I have answered the question.

Senator McALLISTER: Well, it may actually be relevant because I think Ms Huxtable was about to say, 'I don't think you can add', and that may be exactly what I did.

Ms Huxtable: I don't think that the final budget outcome and the parameter variations which are forecast in the budget are apples and apples. A final budget outcome is actually reporting actual expenditure. Whereas the forecasts are seeking to have as accurate as possible an estimate of the forecast expenditure.

Senator McALLISTER: Yes. Okay.

Senator Cormann: But, for the purposes of this discussion, the number we should be focusing on is the number that is reflected on page 3-21 of budget paper 1.

Senator McALLISTER: In the final column. Okay.

Senator Cormann: Yes. You will find there is an explanation of the key drivers of that variation on page 3-22.

Senator McALLISTER: I know; I've read it. I do just want to talk about the actuals, though. There's a saving, essentially, on payments of $3.6 billion reported in the actuals for this financial year, and that's in that first column.

Ms Huxtable: No, that's the estimated—sorry, which page are you on?

Senator McALLISTER: I'm on 3-19. I'm in the 2018-19 column.

Ms Huxtable: But we're still in the 2018-19 year, so that's not an actual; that's an estimated actual. That's an estimate for 2018-19.

CHAIR: Sorry to cut you off there, Senator McAllister. I know you were midstream, but I gather there are a few more questions to go?

Senator McALLISTER: Yes. Okay, we can come back to it if we need to go to a break.

CHAIR: Thank you.

Proceedings suspended from 15:45 to 16:00

CHAIR: The committee will now resume. Senator McAllister.

Senator McALLISTER: Going back to page 3-19 of BP1, I'm asking about the estimated saving of $3.65 billion in payments for 2018-19, in that first column. Given the significance of underspends in the NDIS in the forwards in that same line item, I'm trying to understand what proportion of that $3.65 billion arises from an underspend in the NDIS in 2018-19.
Mr Fredericks: With apologies, Senator, are you asking about the estimates variation for budget year 2019-20?

Senator McALLISTER: I'm asking about the estimates variation for budget year 2018-19, of $3.65 billion.

Mr Fredericks: Yes, I've got it.

Senator McALLISTER: My question is: what proportion of that $3.65 billion parameter and other variation arises from the underspend in the NDIS?

Senator Cormann: We'll have to take that on notice. But what I can say is there would be a proportion that would relate to it—and that is, as we've indicated, because the transition from the old model of state-based block funding of providers to a fully fledged national demand-driven scheme is still underway. We haven't yet—

Senator McALLISTER: I'm not really asking for the reason.

Senator Cormann: No, no—if I may. This is actually—

Senator McALLISTER: I asked for a number. You took it on notice.

Senator Cormann: No—

CHAIR: Senators!

Senator Cormann: I've got to put this on record because there's been a lot of—

Senator McALLISTER: You have put it on record already; you are now repeating yourself.

Senator Cormann: No. There's been a lot of misleading information about this. A proportion of it would relate to it, and that is because the actual pathway of the rollout has been somewhat slower, as is well understood, than the ambitious assumed pathway for transitioning to the full NDIS scheme rollout. So, clearly, what is happening under 2019-20 didn't just come out of nowhere. It is because of a trajectory that was somewhat lower and slower than previously assumed.

Senator McALLISTER: Right. And it is quite reasonable for me to ask about that trajectory—

Senator Cormann: Indeed.

Senator McALLISTER: which is the question I am asking now, and people seem unable to provide information about it.

Senator Cormann: Because you are now asking about the 2018-19 financial year instead of the 2019-20 forward estimates. We are quite happy to provide the information, but we would have to take that on notice.

Senator McALLISTER: Why is it only now that the underspend in the NDIS is being made visible in the budget papers?

Ms Huxtable: You might have to ask that question again. I think David was distracted.

Senator McALLISTER: I'm actually just wondering whether Mr Fredericks has relevant information to the question I have already asked.
Senator Cormann: For the question that you asked, we will need to provide information on notice because it is not obvious from the information that is published in the budget papers for 2018-19 what that number is.

Senator McALLISTER: I know it's not obvious. That's why I'm asking the question.

Senator Cormann: And that's why we are providing the answer on notice.

Senator McALLISTER: Or just avoiding providing the answer. Is it right that there is actually an even bigger underspend in the 2018-19 financial year?

Senator Cormann: That is not right. There is a proportion of that estimates variation in 2018-19 that would relate to the NDIS, but it would be only a proportion.

Senator McALLISTER: Was it a government decision to adjust the pricing regime for the NDIS?

Mr Fredericks: If you're referring to the recently reported decision to change the costing arrangements for service provision to the NDIS, that's a decision that's made by the NDIA board. That's a decision that's made by them under their legislation.

Senator Cormann: Also, correcting another misreport, this decision had no impact on the size of the estimates variation because the board made its decisions on pricing within their approved budget trajectory.

Senator McALLISTER: Your evidence earlier was that one of the reasons for the underspend is the failure of the market to develop. You went on—

Senator Cormann: I did not say that. That's not what I said.

Senator McALLISTER: I'm sorry. I'm not trying to trick you, I am just trying to say that you made the connection earlier—

Senator Cormann: The development of the market was slower than previously anticipated.

Senator McALLISTER: between some of the shortcomings in the development of the market. You said that the pricing decision was expected to have an impact on that.

Senator Cormann: I haven't previously spoken about the pricing decision, but I'm very confident the pricing decision will have an impact on it. There are regular pricing reviews in the ordinary course of events that are undertaken under the auspices of the National Disability Insurance Agency. There was a relevant review that took place sometime ago. The decision of the NDIA board responds to some of the recommendations around that pricing review.

You have to remember that this is a massive undertaking which is done in a bipartisan basis. There were always going to be some challenges along the way. In terms of meeting the level of demand that was previously unmet when it comes to people with a disability, one important component is making the funding available, and the funding is available. Another important component is for the service providers to continue to develop their capability in the market to meet all of the demand that is there. Obviously once we reach full scheme rollout—this is a demand driven program, and whatever the level of demand is, it will be met. On occasions that will mean that we will end up paying more than previously anticipated, and that will be reflected in the budget. But if demand is less than anticipated, then we will be spending less. That is what happens with a demand driven program. It's not the result of a
policy decision; it is a result of what happens in terms of the utilisation that we are catering for.

Senator McALLISTER: Well, it's an interaction, isn't it, between price and demand that produces the final cost.

Senator Cormann: Well, yes, to a degree. Because we are in this transition period where we are going from the old world to the new world—this was always envisaged; it was envisaged by the Gillard government on that basis. It continues to be the case that the provider market has to catch up with the opportunities from the funding point of view that are now available for them to offer services to people with a disability.

Senator McALLISTER: On 30 March Minister Fletcher and Minister Henderson issued a media release which said:
The Morrison Government has today announced an increase to price limits for therapy, attendant care and community participation under the National Disability Insurance Scheme (NDIS), effective 1 July 2019. These price increases will inject more than $850 million into the NDIS market …
You could not have a clearer public statement that this is a decision of government. Why is that $850 million commitment in 2019-20 not visible in BP2 as a measure?

Senator Cormann: It's not a measure. You are right, they made the announcement, but they announced a decision by the National Disability Insurance Agency, which they took within their budget allocation. So they already had the fiscal capacity—

Senator McALLISTER: So it's an announcement of government but not a decision of government?

Senator Cormann: Well, we previously decided to make relevant funding allocations, and the NDIA, fulfilling its responsibilities under its act and responding to the recommendations of the pricing review, made a judgement on lifting the pricing cap, which has the effect that is described in the media statement that you quoted.

Senator McALLISTER: So is it fair to say that the underspend—the $1.6 billion that's referred to over the four years—incorporates, or factors in, the expenditure associated with this pricing increase?

Senator Cormann: No, there's no link. That's what I was saying earlier. The NDIA already had the money available to it to make the pricing decision that it did. It is operating within its approved allocation in the context of the packages that it is able to provide. The estimates variation here is essentially just a new assessment on what the likely level of expenditure is going to be in 2019-20 and beyond, given that the rollout has been somewhat slower than previously anticipated. It's not a reduction in expenditure; it is only a reduction compared to the previously assumed level of expenditure—

Senator McALLISTER: Well, with respect—

Senator Cormann: The two drivers for the somewhat slower than previously anticipated rollout are the fact that some states have been slow to sign on, such as Queensland and Victoria in particular, and the fact that the development of the provider market has been somewhat slower than previously anticipated.

Senator McALLISTER: Tell that to the people who are waiting. I am not making this up, but, in the morning while I've been sitting here, I've received an email from somebody about
their struggle to actually access the support that they have been allocated in the NDIS. There are real problems in this and it is not to do with the reasons that you describe in terms of the expenditure being slow.

**Senator Cormann:** It is to do with those reasons, believe you me.

**Senator McALLISTER:** You ought to acknowledge some of the other reasons.

**Senator Cormann:** Let me just say that, compared to where we came from, it’s a credit to—

**Senator McALLISTER:** You've been in government for six years. You cannot do this.

**Senator Cormann:** I was about to say this is a credit to the previous government. Compared to where we were when we started, many more people are getting more appropriate services now than they used to, and in the future even more people will get more appropriate services than they used to. This is a transition from the old world to a fully-fledged national demand-driven scheme, and, as you are working through that transition, inevitably you don't go from zero to 100 per cent in one go. But we've now got about 250,000 people in the scheme and we are expecting that, by the end of 2020, this will increase to—

**Mr Fredericks:** Four hundred and fifty-five thousand. So, yes, we're in transition. Yes, it would have been preferable if the transition had been able to take place on the ambitious timetable that had previously been assumed, but for a range of reasons that hasn't been the case, and the financials in the budget are an accurate and truthful reflection of what we expect the level of expenditure to be in 2019-20.

**Senator McALLISTER:** To ask the question I asked you earlier another way and for clarity, what would the NDIS estimates variation from the underspend be without the pricing increase?

**Senator Cormann:** It would be the same: $1.6 billion.

**Senator McALLISTER:** On the same topic, can I go to the explanations provided on 3-21 and 3-22 about those reductions over the forwards—mainly, actually, the list that is provided from the top of page 3-22. There are five dot points there and, when you add them up, they add up to about $14 billion over four years.

**Senator Cormann:** These are the major variations. Is your question that you would like us to tell you what other variations there are?

**Senator McALLISTER:** Yes, actually, that'd be great.

**Mr Fredericks:** Just a bit of context, Senator: in this budget we think, on our records, that the number of variations to payment estimations that have been made across the system is variations across about 600 programs. That actually constitutes, I think, about 4,600 variations. You'll appreciate that, essentially, for every budget and every economic update, the obligation on us is to give a new understanding of what the payment estimate will be for each and every one of those programs. There are literally 600 payment estimate variations.

**Senator McALLISTER:** It's a bottom-up exercise?

**Mr Fredericks:** Correct. What we try to do in this—and I think this has been an approach which has been adopted over a long period of time—is highlight those estimate variations,
which are most significant, if you like, on the increase side and most significant on the reduction side.

Senator McALLISTER: I'm not really critical of the list; I'm just trying to understand it in more detail. Is this list the top five?

Mr Fredericks: Well, again, that's difficult to describe. Can I give you an example? If you have a look at page 3-23, about halfway down the page you'll see a sentence that says: Consistent with previous budgets, the underlying cash balance has been improved by the regular draw down of the conservative bias allowance.

That item isn't described and discussed here. That item is described and discussed in Budget Paper No. 1 in statement 5. I could take you to that. If you have a look at page 5-43 you'll see there's a discussion about the contingency reserve. If you flick over the page, the first paragraph after the dot points says:

The drawdown of the CBA reduced expenses by $1.1 billion in 2019-20; $1.0 billion in 2020-21 and $2.2 billion in 2021-22.

That is another estimates variation. That adds to that list another variation which is about $4.3 billion in total.

Senator McALLISTER: Across the forwards?

Senator Cormann: And the context is that—

Senator McALLISTER: May I just clarify that useful number? So that's an additional $4.3 billion over the forward estimates?

Mr Fredericks: Correct. The important point about that is that, as you'll see from the description at page 5-44, that estimates variation follows a formula which has been used for a long period of time. In a sense, there's nothing new or controversial about that; it is standard practice of government. It has been for a long time. The reason I gave that example is that, in answer to your question, 'Is this the top five?'—there's an instance where elsewhere in the budget papers is another estimates variation which is obviously substantial, but which is, as I point out, found elsewhere in the budget papers.

Senator Cormann: The context of the conservative bias allowance is, essentially—and this has been done by governments of both persuasions for a very long time—that there is a conservative assumption built into the forecast that expenditure on various programs is likely to be higher than assumed. It essentially gives you a cautiousness buffer. But that cautiousness buffer gets reduced as the year progresses and you've got more information on what is actually happening with the level of expenditure.

Senator McALLISTER: Perhaps to clarify: I'm really just seeking some information. I'm not troubled by the approach; I'm just trying to understand it.

Senator Cormann: And we are just providing information.

Senator McALLISTER: Which might help you be slightly less defensive about it.

Senator Cormann: I'm just providing information.

Senator McALLISTER: The reason I'm asking is that there's $28 billion over the forwards but there's only $14 billion accounted for in those five dot points. Mr Fredericks has just identified another $4 billion associated with the conservative bias allowance. Is it possible to get a breakdown of any kind of the remaining variations?
Senator Cormann: There's another big one that you might be interested in which also just goes to forecasting and projection methodology, which Mr Fredericks might explain.

Mr Fredericks: That's right. I just want to raise this point as well, which is an estimates variation which is valued at about $7.8 billion.

Senator Cormann: It's a big one.

Mr Fredericks: This is what helps drive that number. That is, again, consistent practice. That is no more than the impact of bringing into this budget's forward estimates the payment estimates that were previously out in the medium term. And there's a change of methodology. When government estimates payments in the medium term, it uses a top-down economic modelling model to understand what those payments might be. When that year moves into the forward estimates as the last year of the forward estimates, the methodology changes, because we now have the capacity to analyse each and every one of the 600 programs in that new year and work with relevant agencies to establish, if you like, a bottom-up assessment of that expenditure. It won't surprise you to know that when you move from a methodology which is based on medium-term projection to a methodology which is based on a more precise understanding of the value of a program, that number changes. In this year, that number changed to the extent of $7.8 billion of positivity, if you like, to UCB. When you look at that number of $28 billion, essentially those items which are sitting at page 3-22 coupled with those two items that I've now referred to, which are standard practice for government—that is, the creation of FE3 and the drawdown of the conservative bias allowance—I think you'll find that number is close to, if not greater than, $28 billion because, of course, we also need to bring to book estimates variations that have a negative impact on UCB. And we draw those out and, of course, I know attention has been drawn to some of the bigger ones, including what effectively has amounted to an increase in payments to states and territories for their public hospitals of $1.9 billion over four years, not by government decision but simply by revision of assumptions.

Senator McALLISTER: Can I just clarify that the $7.8 billion that you referred to, which arises from the change of methodology, is revealed in the projections for 2022-23?

Mr Fredericks: It sits out in 2022-23, that's correct, in toto. It has no impact on any of the earlier years.

Senator Cormann: But it is part of the $28.4 billion number over the four years.

Mr Fredericks: Correct.

Senator McALLISTER: I understand that. Does that explain why the figure is unusually large for the 2022-23, at $11 billion—

Senator Cormann: Yes, because there's a change in methodology. There's a projection year that comes into the forecasting period. The medium-term projection comes into the forward estimates.

Senator McALLISTER: That is the answer to my question, thank you. Minister, last time we were here I asked you about a speech that you gave where you valued the savings in the foreign aid budget over the medium term at $80 billion.

Senator Cormann: Yes.
Senator McALLISTER: In that same week, Senator Wong asked officials in the Department of Foreign Affairs and Trade about those projections. The official said: 'I'm not able to substantiate that. I don't know how Minister Cormann calculated that figure.' Ms Adamson—

Senator Cormann: I can help you.

Senator McALLISTER: Well, yes, perhaps you can. I should say, in fairness to the department, that Ms Adamson said:

I'm aware of that figure but it goes beyond our working focus at the moment. Perhaps you could just explain it and tell us whether there is any update that could be provided in light of the budget?

Senator Cormann: In terms of an update, I'd have to take that on notice, but I can explain it. Obviously, we inherited certain policy settings when it came to the forward trajectory of foreign aid funding. We made certain decisions at various budgets and budget updates in relation to that. Instead of letting the level of indexation run to the—there was a trajectory which involved a pretty steep level of indexation of the foreign aid budget linking it to a percentage of GNI. We made a decision to maintain the level of foreign aid funding at about $4 billion per annum. If you look at the expenditure now compared to what the expenditure would have been if we had stayed on the trajectory that we inherited, then there is a saving of about $80 billion over the medium term. That number comes from advice that I received from my excellent department.

Senator McALLISTER: Last time, you took on notice a question where I asked you when the freeze on ODA would be lifted.

Senator Cormann: The indexation will resume from 2022-23 onwards.

Senator McALLISTER: Thank you. I'm just looking at the preschool measure in the education section of Budget Paper No. 2. At page 67 of Budget Paper No. 2, there's a discussion under the heading 'National Partnership Agreement on Universal Access to Early Childhood Education — further extension'. The description of the measure says:

The Government will provide $453.1 million over two years … to further extend the National Partnership Agreement … for the 2020 calendar year …

Senator Cormann: Yes.

Senator McALLISTER: Mr Frydenberg was asked about preschool funding for four-year-olds yesterday, and he said 'We are committed to funding it.'

Senator Cormann: Yes. It's reflected in the budget. We're committed to funding it. I was there when the Treasurer pointed out that during our whole period in government we have funded it every year, and it was, of course, renewed on a yearly basis under the previous Labor government too. He also pointed out that this is traditionally, of course, an area of state responsibility, and there's a diversity of approaches in various states to this issue. There's a body of work to be done, in our view, to facilitate a more consistent national approach to this, and that is a process that we are committed to engaging in. If and when there is a landing in terms of the interaction between the Commonwealth and the states, we would envisage that further decisions would be made at that point in time on longer term arrangements, but we're not in a position to foresee what form that would take, given that, as I indicated, this is historically a state area of responsibility. The state of Western Australia, for example, has
long been very active in this space and has long, at a state level, provided quite significant funding support for preschool education—other states not so much. What the Commonwealth is interested in is to engage with the states in a way that is nationally consistent and nationally fair and that becomes a longer term more structural arrangement. But obviously we can only make a decision on what form that takes when all of the necessary work has been done.

Senator McALLISTER: I'm just a little bit confused, because Mr Frydenberg seemed to be saying, and you also seem to be saying, that there is a commitment on an ongoing basis.

Senator Cormann: That's not what I said. I think you're verballing me.

Senator McALLISTER: People are looking for a commitment on an ongoing basis, and you're seeking to reassure them, but it's not in the budget.

Senator Cormann: I think I was extremely clear, open and transparent about where the government is at. Looking back, we have provided funding for early childhood education every year. It has been renewed on a yearly basis every year, as it was on a yearly basis under the previous Labor government. We are interested to explore with the states, who have prime responsibility in this, whether there is an opportunity for us to reach an agreement around the longer term arrangement. But there is a level of diversity among different states in how this area is dealt with at the moment, so there's a body of work to be done which is yet to take place. We're not in a position now to make funding decisions in relation to processes that haven't been finalised. The ordinary process with these things is do the work first. You make sure you've got all of the facts and the information in front of you to make a decision and when you're in that position you make decisions to allocate funding at that time.

Senator McALLISTER: Okay.

Senator Cormann: As I have indicated to you, there is a body of work to be done between the Commonwealth and the states which is yet to be finalised.

Senator McALLISTER: So you are committed to somebody finding it but not necessarily the Commonwealth?

Senator Cormann: We can't make a judgement on—for example, between the Commonwealth and the states—what the share would be of any future funding arrangement before we have gone through those relevant processes. Again, some states are making a significantly higher effort themselves in this area of state responsibility than others, and these are all things that need to be worked through before there can be a nationally consistent ongoing arrangement.

Senator McALLISTER: So we shouldn't expect an update in PEFO arising from the Treasurer's statement yesterday?

Senator Cormann: I would not anticipate that this work would be finalised in the next few weeks, no.
Senator McALLISTER: So the current arrangement, which is there is only funding available for the 2020 school year, will stand?

Senator Cormann: The current arrangement is the same arrangement as was in place under your government, and which has been in place under our government over the last six years. We would like to explore with the states whether there is the opportunity for longer ongoing arrangements. But there is a body of work to be done before that can happen.

Senator McALLISTER: So there is no provisioning for four-year-olds' preschool post the 2020 school year?

Senator Cormann: We don't make decisions to spend money before we know what we're doing.

Senator McALLISTER: So no.

Senator Cormann: As I have indicated to you, there is a body of work to be done in this area of state responsibility to ensure that any federal government contribution on an ongoing basis, as part of an arrangement with the states, is nationally consistent and fair.

Senator McALLISTER: I'm asking a pretty simple question. It's actually in black and white in the budget papers. I understand why you don't really want to say it out loud—

Senator Cormann: I have been extremely clear.

Senator McALLISTER: There isn't funding available in the budget available after the 2020 year is there?

Senator Cormann: The funding decisions in relation to all programs are made on an entirely consistent basis. We make decisions to allocate funding once we know what we're doing. And, obviously, here in this area of state responsibility there is a body of work to be done to ensure that any ongoing scheme is appropriately nationally consistent and fair.

Senator McALLISTER: In BP2, and you sort of touched on this already, there is a statement in the forward which you have confirmed, minister, that it is intended to be comprehensive and describe all government decisions that involve changes to its revenue, expense and investing activity since the MYEFO. Does BP2 meet that test? Specifically, are all government decisions that involve change to revenue, expense and investing activities since MYEFO reflected in the document?

Senator Cormann: Isn't that right? That's good, isn't it?

Senator McALLISTER: Yes.

Senator Cormann: I am sure you support that fact that Budget Paper No. 2 does that.

Senator McALLISTER: I do. But if there are policies that have a fiscal impact that have been announced between MYEFO and the budget but don't appear in BP2, why would that be the case?

Senator Cormann: Give me an example.

Senator McALLISTER: On 29 March this year the foreign minister announced $44 million to establish, 'A new and innovative national foundation for Australia-China relations.' That decision is not in BP2.

Senator Cormann: It would have been part of a broader measure in MYEFO, like that might have been part of a decision taken not yet announced.
Senator McALLISTER: But if it is a decision taken not yet announced, you have to announce it, do you not?

Senator Cormann: We've just said that it was announced, but I suspect that the measure wouldn't have been just this one in isolation; it would have been part of a broader decision.

Senator McALLISTER: Where will I find it in the BP2? I'm looking at the foreign affairs decisions.

Senator Cormann: Can we get back to you? If you go to page 81 of budget paper 2: Australia's Indo-Pacific Engagement—enhanced engagement in Asia

- $57.4 million to strengthen and expand our bilateral relationships, including through leadership exchanges, and maritime cooperation including maritime domain awareness and illegal, unregulated and unreported fishing— et cetera. As I said, it is a subset of a broader measure.

Senator McALLISTER: Why are there no costings or profiling available for that measure?

Senator Cormann: They are available. They are published.

Senator McALLISTER: Where are they published?

Senator Cormann: Sorry, this was a decision taken but not yet announced within MYEFO, and that's why it says, if you look at the second-last paragraph in the measure:

Funding for this measure has already been provided for by the Government.

Senator McALLISTER: Yes, but isn't it reasonable to provide the profiling? You have a decision taken not yet announced. You have $66.9 million over five years, and there is no profile for that in MYEFO.

Senator Cormann: If you want to ask the question, 'Can you provide us with the profile?' then we can provide that for you on notice. The way this is reflected in budget paper 2 is consistent with the Charter of Budget Honesty Act and with the way these sorts of budget papers are put together by governments of both political persuasions. This is normal. In MYEFO we made an allocation. At that point in time it is categorised as a decision taken but not yet announced. It has since been announced, but the funding had already been reflected previously, so you don't reflect that afresh, because otherwise it would be misleading the parliament. It would make it look as if we had made an additional allocation compared to what was previously allocated when in fact we didn't.

Senator McALLISTER: Isn't it a bit of a shortcoming, though, that you have this very high-level number in decisions taken not yet announced? The purpose of the budget paper is to provide transparency, but you can't see anything about this measure. There was no profiling in the media release that accompanied the announcements.

Senator Cormann: I don't agree that it is a shortcoming. The level of expenditure is disclosed in the measure description. The reason we're having these processes is so you can ask us questions about what you are interested in beyond what is published. If you are saying to me that you would like to see the funding profile over the forward estimates of this measure then I'm very happy to oblige and provide that on notice.
Senator McALLISTER: I would. It just looks like a slightly incomplete process, a bit of a mess.

Senator Cormann: It's the same way it's been done for years and years by governments of both persuasions.

Mr Fredericks: The thing to bear in mind is the budget paper needs to reflect impacts of decisions included in this budget, so it has been a long tradition, where funding has been provided at a previous economic update, that is where that funding is booked and held against the budget. Where a subsequent announcements is made expending that money, you can't report it again, because otherwise you are essentially double-counting it.

Senator McALLISTER: Can I ask about a similar issue on page 126. We have a thing that is labelled a Community Development Grants Program, where there is provisioning for $89.3 million of additional money, but you have a slightly misleading description in the text, which says that there will be 'an additional $496.2 million'.

Senator Cormann: It's not misleading at all; it's accurate. This is being open and transparent. Again there has been a previous decision taken but not yet announced and now we are announcing the whole package. As it says in the second-last paragraph there:

Funding for this measure has already been partially provided for by the Government.

The table shows you what has been provided in addition to what was in the bottom line in MYEFO, but the measure as a whole, the $496.2 million, is announced for the first time as the additional funding for the Community Development Grants Program.

Senator McALLISTER: When Senators McKenzie and Birmingham and Mr Frydenberg turned up in Adelaide and made an announcement of $21 million of funding there—that's under this program, is it?

Senator Cormann: I am not aware of what announcement you are referring to.

Senator McALLISTER: So far we have $60 million wrapped up, essentially, to major professional sports clubs under this Community Development Grants Program, then we have another $21 million in Adelaide, but it is a $496.2 million program. Who's going to announce that?

Senator Cormann: These announcements will be made by the government at the appropriate time.

Senator McALLISTER: So you are going to wander around announcing things?

Senator Cormann: What do you mean by wander around?

Senator McALLISTER: I mean exactly that.

Senator Cormann: Work with local communities to invest in—

Senator McALLISTER: Is Pauline Hanson going to announce that?

Senator Cormann: No, this is about working with local communities in relation to important infrastructure.

CHAIR: On that note: we are due to go to the ANAO in five minutes and there's a ministerial change happening at that time. For planning purposes, can I get an indication, Senator McAllister, of how many more questions or how much more time you anticipate you will need with Finance.
**Senator McALLISTER:** I have quite a lot of questions.

**CHAIR:** Okay, we will tell Senator Seselja and ANAO that they won't be needed for some time.

**Senator Cormann:** At some point I will have to shift, because I've been working on the basis of the program. There is the budget reply and things like that tonight, which I am sure Senator McAllister will be interested in too.

**CHAIR:** We understand. I'm sure the committee will be accommodating.

**Senator McALLISTER:** Do they let us leave for that process?

**CHAIR:** We're on our dinner break during the opposition leader's budget reply.

**Senator Cormann:** I have been working on the basis that there would be a changeover.

**Senator McALLISTER:** Understood. I will seek some advice about which matters are priorities for us.

**Senator Cormann:** You've always got next week, of course.

**Senator McALLISTER:** Can I take that as a promise?

**Senator Cormann:** Based on the information in front of me right now, we always have next week, but I'm not the controller of all of the relevant information in relation to these things.

**Senator McALLISTER:** You probably have more control than I do. Can we go through the decisions taken but not yet announced that were in MYEFO that have now been announced.

**Senator Cormann:** We usually take these questions on notice. This was a question that you asked on 19 February, and we have an answer to it which is up to date until 7 March 2019, but I'm happy to update it further for you as soon as possible on notice. Are you happy for me to just table that again?

**Senator McALLISTER:** Yes, it would be good to have that tabled. I guess we do always ask this is a question on notice. These are unusual circumstances, where it seems likely—

**Senator Cormann:** I didn't see this covered in your letter. If you had covered it in your letter, we would have come prepared, I promise you. We prioritised. We read your letter very carefully and we came prepared for all of the things in your letter.

**Senator McALLISTER:** All right. On page 45 of Budget Paper No. 2 there's the expenditure line of decisions taken but not yet announced. It is right at the bottom there. Interestingly, there's not a lot in the forwards, but there is a very big spending reduction of $2.7 billion in 2022-23. What is to be cut there?

**Senator Cormann:** Nothing. Let me explain. Firstly, let me give you this comfort: whatever decisions have been taken but not yet announced, with the exception of anything that is national-security-sensitive or the like, it will be published in the Pre-election Economic and Fiscal Outlook if it hasn't been announced before then. That's No. 1. Number 2: that $2.665 billion figure is a reduction compared to a previous spending decision which we subsequently decided not to proceed with. There was an increased item of expenditure reflected in the budget bottom line as a decision taken but not yet announced, which was reflected in the bottom line. Because this shows flows—this shows the difference compared to
what was in the bottom line at the last update—it's not a cut. There's no cut there compared to what is currently being spent, but it is the fiscal representation of a decision not to proceed with a previous decision to increase spending.

Senator McALLISTER: Right. That will be visible in the PEFO or announced prior.

Senator Cormann: Well, because we decided not to proceed, it's been backed out. There no longer is a decision. There used to be a decision that was taken but not yet announced, but, before we announced it we reversed it, and this shows that fiscal effect.

Senator McALLISTER: Is this one of the differences between Mr Morrison and Mr Turnbull? Finally the difference! Is this the big reason?

Senator Cormann: This is compared to MYEFO and, as you would know, at the time of MYEFO, Mr Morrison was already our Prime Minister.

Senator McALLISTER: Okay. Still, you can't get everything done in your first week. All right. What was the decision that you're not proceeding with?

Senator Cormann: It's a decision that we are not proceeding with.

Senator McALLISTER: A decision taken not yet announced and now not to be announced because it's not to be.

Senator Cormann: It will never be announced; that's right.

Senator McALLISTER: It's now said not to have been taken?

Senator Cormann: It's now a nondecision.

Senator McALLISTER: All right. So it's mainly one nondecision?

Senator Cormann: That's right, yes.

Senator McALLISTER: Is it fair to say that the projected surplus for 2019-20 is built on three main things: $3.3 billion from bringing forward the tobacco excise, which moves those funds from the future into 2019-20; $1.3 billion from prepaying local government financial assistance grants; and $1.6 billion from the NDIS underspend?

Senator Cormann: No, that's not fair to say, because you can't take individual issues like that in isolation. If you want to focus on the $1.6 billion underspend in relation to the NDIS then you've also got to look at the $1.9 billion overspend on public hospitals. There are always a lot of moving parts in any budget. So the budget is a compilation of the fiscal effect of policy decisions on the payment and on the revenue side of the budget and, of course, parameter variations both economic and other. And so it's a reflection of what we expect to happen in terms of revenue and expenditure over the next four financial years and, in terms of projections over the medium term, gives you some level of guidance through some of the representations in here. But you can't pick one issue or one item in isolation and say, 'This is what has driven X, Y, Z outcome.' All of the decisions together, all of the parameter variations together have the effect that the fiscal trajectory that we're on now is what is represented in this budget, which sees us come back to surplus by 2019-20 to the tune of $7.1 billion and, of course, to remain in surplus all the way over the forward estimates and for the surpluses to build to 1 per cent as a share of GDP over the medium term.

Senator McALLISTER: Put aside the underspend, about which we have a significant disagreement. The other two measures I mentioned, though, are in fact decisions about how
government is going to manage the finances. You would concede that they are important decisions and significant movements of funding between financial—

Senator Cormann: Government always makes decisions. In relation to tobacco excise—this is not in this budget but in a previous budget or budget update—there was an integrity measure to deal with the risk of, obviously, excise avoidance and the black market in tobacco. This was part of the Black Economy Taskforce, as I understood it. These are decisions that are made for proper public policy reasons, but they do have a fiscal effect which is reflected in the budget papers.

Senator McALLISTER: And it's a $3.3 billion fiscal effect when it comes to the tobacco excise decision, is it not?

Senator Cormann: You're focusing on one decision. What I would say to you is that the reasons we're getting back into surplus are, firstly, that the economy has been growing more strongly, so revenue has been picking up; and, secondly, that employment growth has been much stronger. If you look at the 2017-18 financial year, which is the last year for which we have a final budget outcome, instead of 1.5 per cent employment growth, we ended up with 2.7 per cent employment growth, which meant that there was more personal income tax revenue, because more people paid income tax, and less expenditure on welfare, because fewer people claimed welfare. The proportion of the working-age population on welfare is now at its lowest in 30 years. Most importantly, over the period that we've been in government, we've been able to better control expenditure growth. Expenditure growth in the period from 2013-14 to the end of the current forward estimates period is averaging 1.9 per cent in real terms, which is about half of what we inherited in terms of the forward trajectory.

If you look at the National Commission of Audit work, you will see that, when we came into government in 2013, the expectation was that, over the medium term then, Commonwealth expenditure as a share of GDP would rise to 26½ per cent and beyond. Of course, now, if you look at the budget papers here, you see Commonwealth expenditure as a share of GDP is 24.9 per cent in 2018-19 and forecast to go down to 24.6 per cent over the next two financial years and then reduce further to 24.5 per cent over the final two years of the forward estimates period, which is below the long-term number of 24.7 per cent when it comes to Commonwealth expenditure as a share of GDP at a 30-year average.

We have made a whole series of decisions to better control expenditure, to strengthen the economy and to create more jobs, and all of these things together have helped get us into a situation where we are now able to forecast surplus budgets from 2019-20 onwards.

Senator McALLISTER: All right. Can we move on to the energy assistance payment? We discussed it at length with Prime Minister and cabinet along with how the changes that were made on budget night took place. I'm interested in understanding the role of the Department of Finance in that process. Ms Huxtable, was the Department of Finance involved in establishing the costings for extending the payment of the energy assistance payment to Newstart recipients and some of the other payment streams?

Ms Huxtable: Yes, we were involved. We finalised a costing in respect of that day after the budget—in respect of that extension of Newstart and the other allowances.

Senator McALLISTER: When was the department requested to prepare that costing?
Ms Huxtable: I'd probably have to ask Mr Fredericks to give the detail, because I wasn't aware of that, but I believe it was the evening before in respect of that question.

Mr Fredericks: Correct. The department was asked to cost the extension of the energy payment to Newstart, and, as you said, to those other recipients on the evening of the budget. So, that's on the evening of 2 April.

Senator McALLISTER: What was the nature of that request—was it an email, a telephone call, a letter?

Mr Fredericks: I think it was a conversation, in the first instance, with the Department of Social Services.

Senator McALLISTER: Right, okay—so, official-to-official?

Mr Fredericks: I think we became aware from DSS that there would be a necessity to cost the proposal—the extension to Newstart recipients and the other classes.

Senator McALLISTER: That was a conversation with you, Mr Fredericks?

Mr Fredericks: It wasn't with me. It was with one of my staff members—I'd have to check that.

Senator McALLISTER: Around what time was that?

Senator Cormann: We'll have to take that on notice. I've taken the questions on timetables on notice in the session with Prime Minister and Cabinet and we'll provide you a comprehensive time line on notice.

Senator McALLISTER: Yes, you haven't really explained why. I think that Mr Fredericks probably knows the answer to that question.

Senator Cormann: I did explain why. We wanted to facilitate the official passage—

Senator McALLISTER: No, you haven't explained why you're taking all these things on notice, other than the obvious, which is to hide the time line.

Senator Cormann: No, not at all. We want to make sure the information that you receive is accurate.

Senator McALLISTER: I'm almost certain that Mr Fredericks knows the answer to this question.

Senator Cormann: This is a measure that was announced on Sunday, so before the budget. Clearly, by Tuesday night it was obvious that it would help us facilitate the efficient passage of this measure if we made the adjustment that we did.

Senator McALLISTER: Okay. Mr Fredericks, Ms Huxtable said that you finalised the policy the following morning—so, Wednesday morning. What time and to whom was that provided?

Senator Cormann: I'll take that on notice. I've taken questions on the time line on notice and I will provide that answer on notice.

Senator McALLISTER: And to whom was it provided? Directly to Social Services? To the Prime Minister's—
Mr Fredericks: In those instances, in the end, a formal costing is an agreement between the Department of Finance and relevant agencies. So it's not really a question of it being provided from one to the other, it's a joint piece of work.

Senator Cormann: It's a core part of the deliberative processes of cabinet and as such, of course, subject to the confidentiality provisions of cabinet.

Senator McALLISTER: You were involved in the original costing for the measure?

Mr Fredericks: On a precautionary note, we really, well and truly, are starting to move into cabinet-in-confidence if we're starting to ask questions about cabinet processes in the lead-up to the budget. I just have to be cautious about that.

Senator Cormann: In the broad, given it's a measure that was in budget, of course it went through the usual traditional pre-budget process, and all of the necessary and appropriate advice was provided in that context. Again, let me remind you of something that I said earlier: this is, essentially, a copy and paste of a measure which the parliament legislated in 2017—including, incidentally, with the support of Labor senators at the time through the Senate—on the basis that it would apply to pensioners and various other eligible welfare recipients, and not Newstart allowance recipients and the like. We've made that adjustment for the reasons that I've now outlined consistently since this morning—that we didn't want to have to engage in argy-bargy through the parliament to make sure this got through; we wanted to secure the efficient and speedy passage of this measure so that pensioners could get this cost of living pressure relief, so we made a pragmatic judgement given that it was affordable to do so.

Senator KITCHING: The BP1 table on 3-19 sets out the net Future Fund earnings. From 2020-21, the underlying cash balance includes the Future Fund—is that correct?

Senator Cormann: Yes. If you look at footnote (i), it actually explains that. This is not a decision that was taken in this budget; it was taken some budgets ago, based on a review that was initiated by the previous Labor government and based on decisions that are consistent with what the previous Labor government envisaged at the time. There's an extensive estimates discussion in Hansard from a number of years ago that goes through all of this. As I indicated to a journalist from the ABC in an interview on budget day, the methodology here in terms of reflecting Future Fund earnings in this budget are consistent with the methodology that was used in previous budgets. There is no change at all—not in any way, shape or form—to that methodology in this budget.

Dr Helgeby: The origins of this go right back to the instigation of the fund in 2006. From 2006 onwards, it has always been intended that the fund would be drawn down in one of two circumstances: either we hit a particular date, which is 2020; or we achieve what's called the target asset level. The reason it was treated like that was that it was really reflecting the purpose of the fund. UCB estimates since 2006-2007 have excluded Future Fund net earnings on the basis that they were not available to government to use because neither of those conditions would apply. Back in 2012, there was a paper produced and published—I think it's still on the Department of Treasury and Department of Finance websites—that actually explained that rationale and reconfirmed the rationale as being at the point in time when either the TAL or the date of 2020 came about that that treatment would change, and that from that period on the net Future Fund earnings would be included in UCB. So all that is happening here is that it's simply picking up that change, which has been really implicit since the
beginning of the fund. Every year and every financial statement that has included the year 2021 has, since it was first published, included that same treatment.

**Ms Huxtable:** There is a more detailed explanation—less detailed than what Dr Helgeby gave, but more detailed than the footnote—at 9-39 of the budget paper.

**Senator Cormann:** It was the 2017-18 budget, which was the first year the 2020-21 financial year came into the forward estimates, that we had this discussion. All that is done here reflects in the methodology since 2017-18 what was always envisaged—what was envisaged by the previous Labor government, too—on the back of work that was done back then by Finance and Treasury.

**Senator KITCHING:** So the funds are not available for the government to deploy as they wish?

**Senator Cormann:** They are available from 2020 to meet certain liabilities of government—namely the outstanding superannuation liability, which is also reflected in our budget papers. There is a recount item of expenditure and there is an outstanding liability. From 2020 onwards we could, if we chose to, use the earnings to help offset the cost of the Public Service pensions during that period. If we did not reflect the Future Fund earnings, we would actually be misleading people about the true position of the budget.

**Senator KITCHING:** So it couldn't be used to pay down debt?

**Senator Cormann:** You've asked a conceptual question there. If a future government decided to sell off all the assets in the Future Fund and essentially use them to pay down debt, it would require legislation to do that. You could, as a government, decide you would want to put legislation to the parliament to that effect. We've made a decision to leave the Future Fund intact on the basis of a judgement that the returns and the earnings achieved for the Commonwealth on behalf of taxpayers, from the investments in the Future Fund, are materially higher than the public debt interest costs that we are incurring on the Commonwealth debt. Because the earnings are higher than the costs of funds from the debt that we carry, it makes a lot of sense to keep the Future Fund assets and investments in place the way they are. That's the decision we have previously made. If we had made an alternative decision to essentially liquidate the Future Fund and use all of the proceeds, we would have lower gross debt. Net debt would be the same, broadly, but we would actually in recurrent terms be worse off because we would miss out on the higher earnings that more than offset the lower public debt interest payments.

**Senator KITCHING:** Is it fair to say that, in 2022-23, 70 per cent of the surplus is coming from the Future Fund?

**Senator Cormann:** It is not fair to say that. As I said in the conversation I had with Senator McAllister, there are always a lot of movements up and down. You could also say that 100 per cent of the surplus comes from higher personal income tax receipts on the back
of stronger economic growth. If you've got employment growth going from 1.5 per cent to 2.7 per cent, as we had in the 2017-18 financial year, you've got a boost in revenue. You could say that that means that the surplus moving forward comes because of the additional personal income tax revenue, or you could say it comes because you have controlled expenditure better, or you could say that it comes because demand across a range of welfare programs is less than what was previously anticipated. The point I am making is: in any budget, between budgets and budget updates, there are always a lot of movements up and down and they get reconciled in the budget document. You can't just point to one thing in isolation and say, 'That's it; that's the thing that makes it happen.' It's obviously everything adding up together that gets you into that position.

Senator KITCHING: So what percentage of the 2022-23 surplus is coming from the Future Fund?

Senator Cormann: I think that the earnings from the Future Fund are there, and that the surplus is a result of all the decisions and all the effects of the parameter variations working together. I should also note in the context of the budget treatment of the Future Fund earnings—and I did go through this two years ago—that the change was actually foreshadowed in this paper in July 2012; it was announced on page 321 of the 2012-13 MYEFO, which was when Mr Swan was the Treasurer and Senator Wong was the finance minister. What we have done from 2017-18 onwards is what was announced by the previous Labor government in the 2012-13 MYEFO—for your reference, it is page 321—which is why I said to this ABC journalist that the suggestion that this is a change of approach is factually incorrect. This has been a consistent approach for some time but it has only been reflected in the budget papers since the 2020 year came into the forward estimates period.

Senator KITCHING: The remaining surplus of $3 billion—I'm deducting $6.2 billion from $9.2 billion—

Senator Cormann: On what basis can you arbitrarily deduct a source of revenue?

Senator KITCHING: I want to know what the remaining surplus is as a percentage of GDP.

Senator Cormann: It is not a valid proposition. Government receives revenue from a range of sources: from tax, from fees and charges, from earnings on its investments. You can't just artificially say, 'So we're now going to exclude a revenue source that is available to government, and hypothetically and unrealistically make an assertion that the budget is something different to what it is.'

Senator KITCHING: I'm not asking about 10 years time; I am asking about a few years time. I think Dr Helgeby might have—

Senator Cormann: No, we're not going to entertain a hypothetical proposition that excludes a revenue source that is properly available to government. Next you're going to say: 'What if you didn't have any revenue from the tobacco excise? What would the surplus be then? What would the surplus be if you stopped spending money on the aged pension? What would the surplus be then?'

Senator McALLISTER: Are you going to stop spending money on the aged pension?

Senator Cormann: Exactly; that's my point. It's equally as ludicrous. The government will continue to spend money on the pension, continue to index pension payments, continue to
receive Future Fund earnings, continue to receive income tax revenue and continue to receive company tax revenue. So we're not going to have a discussion now on, 'What if you don't have these earnings?' We do have these earnings, and the budget in front of us reflects the best of our information about the fiscal projections over the next four years.

Senator KITCHING: But $3 billion is much smaller than $6.3 billion, isn't it?

Senator Cormann: But there is no basis for a $3 billion proposition. The projected surplus in the final year of the forward estimates, as you can see in the budget papers, is projected to be $9.2 billion.

Senator KITCHING: There was a significant receipts downgrade that you had in 2022-23 of $6.3 billion. So that $3 billion figure is a much smaller figure, isn't it?

Senator Cormann: When you go to revenue—and I'm not meaning to be unhelpful—that's a question best directed to Treasury. Generally, revenue is going to be Treasury's domain. We look after expenditure.

Senator KITCHING: I'll leave it there, because my other questions are probably on revenue.

Senator McALLISTER: Can I ask about the appointment of Mr Mario D'Orazio to the Australia Post board on 29 March. What process was used to recommend Mr D'Orazio?

Senator Cormann: The usual process. His appointment was recommended to the cabinet by Minister Fifield and myself as the shareholder ministers.

Senator McALLISTER: How did you develop that recommendation? Did the department assist you in developing the shortlist?

Senator Cormann: The process is the usual process.

Senator McALLISTER: I don't know what the usual process is, so you'd better explain it to me.

Senator Cormann: We have gone through this conversation before. The elected government of the day ultimately identifies suitable nominees for relevant appointments. Yes, from time to time the department provides advice on potential options—

Senator McALLISTER: Did they on this occasion?

Senator Cormann: I will have to check that on notice, but what I can say is that the recommendation in relation to his appointment came from Senator Fifield and me, as the shareholder ministers for Australia Post.

Senator McALLISTER: But you can't tell me whether you had any departmental advice or any source of independent advice whatsoever?

Senator Cormann: I take responsibility for the recommendation to cabinet, and the cabinet made the decision. This is the same process that was followed under the previous government.

Senator McALLISTER: I doubt that very much.

Senator Cormann: The normal minute in relation to the appointment was the normal briefing that was provided by the department on this occasion, I'm advised.

Senator McALLISTER: A normal briefing?
Senator Cormann: To support the recommendation.

Ms Huxtable: To support the ministers' decision-making.

Senator Cormann: But again, this goes to deliberative processes of cabinet. I am happy to tell you that it was Minister Fifield and I who made the recommendation to cabinet, and, ultimately, of course it was a decision by cabinet. In relation to any appointment to the board of Australia Post, of course, the appointment ultimately is a matter for the Governor-General. It's a recommendation from the government to the Governor-General, who makes the appointment.

Senator McALLISTER: Did the department's briefing provide any guidance around a short list?

Senator Cormann: I'm not going to go into the deliberative processes of cabinet.

Senator McALLISTER: What are Mr D'Orazio's qualifications? Does he have any experience in operations or logistics?

Senator Cormann: Obviously, on any board you want a mix of skills, and there are a number of very experienced directors on the board with very significant experience in logistics and the like. As the joint statement that Minister Fifield and I put out indicates, we are very keen to draw on Mr D'Orazio's extensive executive and board experience but also and in particular his experience when it comes to digital transformation and communications. So you always want a diversity of skills on any board, and we believe that Mr D'Orazio adds to the skills mix on the Australia Post board.

Senator McALLISTER: Has Mr D'Orazio ever donated to the Liberal Party?

Senator Cormann: Not that I am aware of; not to me.

Senator McALLISTER: So he's never donated to you personally?

Senator Cormann: I don't believe so, no.

Senator McALLISTER: Has he ever facilitated donations to you on behalf of others?

Senator Cormann: I mean, I know him, and I think that you will find he is also known to people of the Labor Party in Western Australia. He is the former managing director of Channel 7. I know Mr D'Orazio pretty well, but he's not involved in my fundraising, if that is your question.

Senator McALLISTER: I will ask the question again. Has he ever facilitated donations to you on behalf of others? By which I mean: requested that others make a donation, introduced you to people for the purposes of organising a donation, those kinds of things? That is what I mean by facilitation.

Senator Cormann: Again, Mr D'Orazio is well known to me. He hasn't ever made donations to me, as far as I am aware, but he certainly would know people in Western Australia who have made donations to me. I don't know to what extent that would disqualify him from being considered for a position for which he is eminently qualified.

Senator McALLISTER: Is he a member of the Liberal Party?

Senator Cormann: I don't believe so. In fact, I'm pretty certain he's not.

Senator McALLISTER: I don't have any further questions.
CHAIR: If there are no further questions for the Department of Finance in this section, then I thank those relevant officers very much for their attendance here today. The committee will now move to the ANAO and Senator Seselja. The Deputy Chair has just asked that I put on record the request for the normal documentation which is provided at the beginning of that part of Finance which we'll be coming to after ANAO. We may not be on ANAO for very long, so if that could be prepared, that would be very helpful.
PRIME MINISTER AND CABINET PORTFOLIO

Australian National Audit Office

[17:20]

CHAIR: I welcome the Assistant Minister for Treasury and Finance, Senator the Hon. Zed Seselja; and Mr Grant Hehir, Auditor-General. I thank the ANAO for providing summaries of ANAO reports since the additional estimates round in February. Assistant Minister, I imagine you don't have an opening statement to make at this point?

Senator Seselja: I do not.

CHAIR: Mr Hehir, do you have an opening statement?

Mr Hehir: No, thank you.

CHAIR: Senator Kitching.

Senator KITCHING: Mr Hehir, is it normal for the ANAO to delve into matters as repeatedly as you have with regard to offshore contract procurement and management?

Mr Hehir: I presume you are referring to my recent announcement that we were starting an audit on garrison support for the Department of Home Affairs.

Senator KITCHING: Yes.

Mr Hehir: It's not unusual for us to do follow-up audits of this type. After we did our last audits on that, which were tabled a few years ago—I forget the exact date—the JCPAA did a review of those audits, as it does regularly, and one of its recommendations was that we go back in and look at it. So I put such an audit on my program last year and just recently decided to commence it. I wouldn't say it's unusual for us to do follow-up audits of this nature.

Senator KITCHING: Okay. I notice on your website there is the heading 'Procurement of garrison support and welfare services', and the audit is now 'open for contribution' and expected to remain open until 1 September 2019.

Mr Hehir: Yes.

Senator KITCHING: Have you had any submissions as yet?

Mr Hehir: I don't know, I'm sorry.

Senator KITCHING: That's okay. The secretary of the Department of Home Affairs said the internal audit that Ernst & Young are undertaking of these contracts will assist and feed into your audit. Is it normal for third parties to feed into your audits?

Mr Hehir: I assume that what the secretary was saying is that we will look at any information or analysis that the internal auditor undertakes. When we do an audit of this type, we collect all of the evidence related to the audit. We certainly don't rely on other people's work. So, if there is an internal audit that is undertaken, we'll collect the evidence associated with that and look at any findings it has, but we do our own work—we don't rely on others.

Senator KITCHING: So you've gone to the Department of Home Affairs. Have you put in requests for information from them?

Mr Hehir: I can't answer that. We designated the department a couple of weeks ago—that is, we sent in a letter saying, 'We're going to commence this audit,' and we set out the
procedures that we undertake. It's usually a few weeks before we start putting in information
requests. So it might have happened; it might not have. I just don't have that information.

**Senator KITCHING:** Does anyone else in the ANAO have it?

**Mr Hehir:** No-one here would. The audit manager would know.

**Ms Mellor:** The SES who is leading the audit will make the decisions about information
requests. They may well have happened, but we don't have here the information about exactly
what's gone on in that audit.

**Senator KITCHING:** Is that SES here?

**Ms Mellor:** No.

**Mr Hehir:** No. I'm not certain they could tell you anything other than: 'Yes, we've sent a
letter with an information request,' or, 'No, we haven't,' because that's the only information
that would be available. If it hasn't gone now it will happen within some period of time in
accordance with the audit timing.

**Senator KITCHING:** How many people are working on the audit?

**Mr Hehir:** Three or four.

**Senator KITCHING:** Have you received any submissions from external parties or are
you relying on external parties to furnish you with information in relation to the audit?

**Mr Hehir:** The audit is predominantly about procurement activities within the Department
of Home Affairs. In the first course the audit procedures will involve collecting all of the
information from the department relevant to those procurement activities and looking at that.
Then we'd determine whether we needed to go further than that. Given that the audit is about
the activities of the department, it's unusual for us to need to go any further than the
department's records and the departmental staff.

**Senator KITCHING:** You've put on your website that you would be welcoming
submissions for several months.

**Mr Hehir:** That's a normal procedure we do with every audit. We basically will put out to
the broader community: 'This is what we're doing.' If they have any information, we're happy
to look at it in the context of it or review.

**Senator KITCHING:** The public could make submissions.

**Mr Hehir:** Yes.

**Senator McALLISTER:** Mr Hehir, I refer to the letter you sent recently to the shadow
Attorney-General regarding the circumstances surrounding Ms Downer's presentation of a
cheque to the Yankalilla Bowling Club. That was a grant awarded under the Australian
government's Community Sport Infrastructure program. In that letter you said that you had
decided to conduct a performance audit of the award of funding under that grant program. Is
that correct?

**Mr Hehir:** Yes, into that grant program.
**Senator McALLISTER:** Why did you decide to do that?

**Mr Hehir:** Whenever a parliamentarian writes to us we treat every one of those requests very seriously. The process we have in place is that we usually go and talk to the agency and see whether there are issues around the matters raised that we think are worthwhile looking at. In this context, the thing that probably made this particular grant program different from any of the others that we've audited recently is that it's an entity that isn't required to comply with the Commonwealth grant guidelines. Therefore, it can set its own framework for how they undertake grants, because it's outside of the mandatory component. So it seemed to me that this was an opportunity to have a look at how grant programs operate when they don't have to comply with the grant guidelines. That made it a different program and worthwhile looking at. In that instance there was an amount of parliamentary interest around the activities of the program. They came together to select it. As you are probably aware, we do have an ongoing program on grants, and the parliament has an ongoing interest in how grant programs operate, so it brought to light a program which was a bit different, and we thought that might add value to parliament by looking at it.

**Senator McALLISTER:** It is a bit different. Do you think it is appropriate for an unelected candidate to be given the job of announcing Commonwealth funded grants to successful applicants?

**Mr Hehir:** It is not really my job to comment on the appropriateness of activities. When we undertake audits we do them against frameworks, rules, guidelines and those activities. To the extent we look at that, it will be in that context.

**Senator McALLISTER:** What is the most relevant element of those frameworks for the example I provided? Ms Downer specifically presented a cheque to this bowling club to the sum of $127,373. The check bore her image and Liberal Party branding. Do those facts engage the performance framework?

**Mr Hehir:** It's the framework that we bring to this. The first one we bring to it in this entity, because it's not mandatorily required to use the grant framework, is whatever they've put in place. We generally look at what normal practice was within that entity, and then look at it in comparison to what happens under the grant framework and normal practice in that. Our considerations of those issues will occur within that framework.

**Senator McALLISTER:** One concern is that that decision to have a novelty cheque of this kind created the perception that the money was the gift of the Liberal Party and Ms Downer, and not the taxpayer funded grant that it actually was. Was that normal practice in other grants programs?

**Mr Hehir:** We haven't done the audit, so it's really difficult for me to comment on that until we complete the audit process.

**Senator McALLISTER:** You've commenced it?

**Mr Hehir:** It's just commenced, yes.

**Senator McALLISTER:** So, you're not very far advanced, so far?

**Mr Hehir:** No, we're not very far advanced.

**Senator McALLISTER:** What kinds of parties are you planning to speak to?
Mr Hehir: We are certainly dealing with the Sports Commission, who operated the grants, and the Department of Health. Outside of that, sort of similar to my answer to the question from Senator Kitching, it really depends on where the evidence takes us after that as to where we go.

Senator McALLISTER: I see. So far you are only speaking to the institutions.

Mr Hehir: We collect all of the evidence of the process through the institutions who were responsible for it, and if that leads us to a view that we need to go to other parties for evidence, we follow the evidence to wherever we need to go.

Senator McALLISTER: Do you have any powers of compulsion when we you're seeking evidence from people?

Mr Hehir: We can take evidence under oath. There's a substantial power of compulsion. We have access powers which are very broad. With respect to entities, they're required, and they generally do, provide us with every piece of evidence. Our access powers beyond that to parties who receive government funding are similar. Our access powers are very extensive.

Senator McALLISTER: I encourage you to investigate the correspondence that took place between the Yankalilla Bowling Club, the commission and Ms Downer because it is a very unusual set of circumstances. I don't have any further questions, Chair. Thank you very much.

CHAIR: Thank you, Senator McAllister. If there are no further questions for the ANAO, I thank you very much for your attendance here this afternoon and for your evidence. We will now return to the Department of Finance and the areas of responsibility that come under Senator Seselja—program 2.1 and onwards.
FINANCE PORTFOLIO

Department of Finance

[17:36]

CHAIR: The committee will now resume its examination of the Department of Finance, and will turn to programs under the administration of the Assistant Minister for Treasury and Finance and officers. I gather that you don't have opening statements at this point, Assistant Minister and Ms Huxtable?

Ms Huxtable: No.

Senator Seselja: No.

CHAIR: And I reiterate our request for that documentation when it's available.

Senator FARRELL: Are we dealing with outcome 2.5?

CHAIR: Outcome 2.1 or 2.5.

Senator FARRELL: My questions relate to outcome 2.5. I want to ask some questions about government advertising in the 45th Parliament. Perhaps the minister could help with this question. Is the department able to provide the total expenditure on advertising and information campaigns for the current financial year?

Ms Huxtable: We provided on notice the total figure as at when we provided that answer, which I think was to the end of December 2018. As we have discussed before, it takes a period of time for the information to become available. I think the most recent reliable figure that we have is to the end of January 2019. My understanding is that that's an additional $8 million to the figure that we provided in answer to the question on notice.

Senator FARRELL: Can you remind me what the previous figure for the last six months before that was?

Ms Huxtable: The officers can help with that. I think we have that.

Dr Helgeby: The relevant question on notice that the secretary is pointing to is FO36 from 19 February, which indicated that noncorporate Commonwealth entities spent $38.1 million on campaign advertising in the July-December 2018 period.

Senator FARRELL: So we can add another $8 million to that since then?

Ms Huxtable: That's correct. Any additional information will need to be sought from individual agencies because they have a much more current understanding than we have.

Senator FARRELL: It does look like the quantum's going up per month, doesn't it—not by that much but a little bit?

Ms Huxtable: It's not very much.

Senator FARRELL: That January figure seems to be up a bit on the average of the previous six months.

Ms Huxtable: I think you have to take into account that December is an unusual month. There are a range of factors. I'm not sure you can form conclusions like that.

Senator FARRELL: So that $8 million reported for January is in fact the December figure? Is that correct?
Ms Huxtable: No, I'm saying that, when you look at the six months before that, it includes December, which would not necessarily be a typical month. I might be wrong actually, but I'd say that's probably true.

Dr Helgeby: Typically, December would be a month where very little government advertising would take place for a variety of reasons, one reason being people's minds are elsewhere and another being that prices in the December period for advertising spots are very high, and so value for money is difficult to achieve.

Senator FARRELL: Yes, that could explain it too. Can the department provide an itemised list of all advertising and information campaigns run by the department for the current financial year, and the funds attributed to each campaign?

Ms Huxtable: When you say 'run by the department'—

Senator FARRELL: Run by the government.

Dr Helgeby: By the government?

Ms Huxtable: That's different, I think.

Dr Helgeby: I can take you through campaigns that are currently in the media, and we divide those into those which are subject to the guidelines, above $250,000, and then there are a number below $250,000.

Senator FARRELL: Yes, you kindly went through that distinction quite recently.

Dr Helgeby: So, campaigns currently running—would you like me to run through them?

Senator FARRELL: Yes, that would be very helpful, thanks.

Dr Helgeby: I'll be as efficient as I can. In the ATO, there is a taxable payments reporting scheme campaign, and the Phoenix campaign. In the Department of Communications and the Arts, there is the National Online Safety campaign. Defence Force Recruiting continues. There is a Quality Schools Reform campaign in the Department of Education and Training. The Department of the Environment and Energy has Energy for the Future. The Department of Health has Head to Health, maternal vaccinations, Pharmaceutical Benefits Scheme, and private health insurance campaigns. The Department of Home Affairs has an offshore campaign called You Will Be Turned Back. The Department of Infrastructure, Regional Development and Cities has Building Our Future. The Department of Jobs and Small Business has two—one called Jobs, and the other called Small Business. The Department of Social Services has Building Employer Demand. The Department of Treasury has Tax and the Economy. Then there are a number below $250,000. Would you like me to go through those?

Senator FARRELL: That would be helpful, I think.

Dr Helgeby: There are quite a lot of those.

Ms Huxtable: Would it be more helpful for us to provide those on notice?

Senator FARRELL: Or table them? Is that possible?

Ms Huxtable: I just don't think we have them in a form where we could table them, but we could seek to create that form.

Senator FARRELL: Could you?

Ms Huxtable: We'll seek to create that form and table that.
Senator FARRELL: Thank you, Secretary, that would be very helpful. The You Will Be Turned Back campaign—that's running overseas, isn't it?

Dr Helgeby: Yes, it is.

Senator FARRELL: What markets is that running in?

Dr Helgeby: I don't know exactly which markets it operates in; you'd have to ask the Department of Home Affairs. But its goal is to increase awareness, in those audiences, of Australian migration policy.

Ms Huxtable: Just to be clear, that campaign is not subject to the Independent Communications Committee guidelines. That's right, isn't it, Stein?

Dr Helgeby: Yes, that's right.

Ms Huxtable: Because it's an offshore campaign.

Dr Helgeby: It's an offshore campaign.

Senator FARRELL: Offshore campaigns are not subject to the guidelines?

Dr Helgeby: No.

Senator FARRELL: Okay. Why is that? I assume it's above the $250,000 limit?

Ms Huxtable: That's correct. I think, traditionally, offshore campaigns have not been subject to the arrangements. We can check all the details of that. But my recollection, including in respect of previous governments, is that offshore campaigns are not subject to the arrangements. Is that right, Stein?

Dr Helgeby: Yes, that's my understanding as well, going back to before my direct awareness of it as well. It would be consistent practice that the guidelines would not apply to those, yes.

Senator FARRELL: Yes. You haven't got a ballpark figure on the cost of that, do you?

Dr Helgeby: Of that one?

Senator FARRELL: Of that one.

Dr Helgeby: If we go to page 116 of budget paper No. 2, you'll see there under the measure for regional processing arrangements that it talks about $3 million to reinforce Operation Sovereign Borders' offshore strategic communications campaign.

Senator FARRELL: And that would be an annual figure, would it?

Dr Helgeby: Campaigns are typically funded on a per campaign basis. There isn't a base level of funding, there's simply a level of funding attached to a particular campaign. So that's a $3 million campaign, and that's what it is. There isn't anything that then continues beyond that.

Senator FARRELL: Right. Is that the first time we've run that particular campaign, do you know?

Dr Helgeby: There have been—

Ms Huxtable: To be honest, you probably need to ask the Department of Home Affairs—

Senator FARRELL: That's all right; if you don't know—

Ms Huxtable: But there have been offshore campaigns in relation to these matters for a long time.
Senator FARRELL: Yes. It's obviously working, because we haven't had any boat arrivals that we know of.

Ms Huxtable: As I said, there have been offshore campaigns. That includes, as I can recall, around the time of the 2013 election. There were offshore campaigns running then.

Senator FARRELL: Yes. Again, this might be a Department of Home Affairs question: is it our intention to keep that running? Do we know?

Dr Helgeby: Could I just seek some clarification? What do you mean by 'keep it'—

Senator FARRELL: Obviously, we're running it right at the moment in whatever countries it's running in. Do we—

Ms Huxtable: Are you asking a question about caretaker or—

Senator FARRELL: No. I'm assuming that these things just keep running, do they?

Ms Huxtable: I think Dr Helgeby has sort of already answered that question, because there's an allocation in respect of the campaign. And you can see from that same measure description that there's no allocation beyond the 2019-20 year.

Senator FARRELL: Yes.

Ms Huxtable: So there's an allocation against that measure for 2018-19 and 2019-20. I don't know exactly where the $3 million sits in that, but you can certainly deduce from that that there is no allocation beyond 2019-20.

Senator FARRELL: I'm sorry, I just missed that last bit.

Ms Huxtable: You can deduce by looking at that measure and then the profile of the funding that there is no money beyond the 2019-20 financial year. What I don't know, and I think you'd have to go to home affairs, is just what their expectation is around the profile of that campaign and whether it's in 2018-19 and 2019-20.

Dr Helgeby: Also, in the interests of clarification: there's no set budget for campaigns in the forward estimates. Campaigns and decisions about which campaigns to run and how to run them are made on a campaign-by-campaign basis.

Ms Huxtable: The other point I'd make is that these questions are more important to go to home affairs about because this is not a campaign that is covered by the Independent Communications Committee, so we don't have the visibility of this campaign that we may have for other campaigns.

Senator FARRELL: Right. I think you've partly answered this: can the department provide detailed information about the advertising and information campaigns that it has planned for the rest of the 2018-19 year, including the content of those campaigns, estimated expenditure and details on advice and placements?

Dr Helgeby: If your question is about the department—

Senator FARRELL: The government, sorry.

Dr Helgeby: The government. I'll run through the campaigns in the media at this point in time.

Senator FARRELL: Yes.
Dr Helgeby: I think we've taken on notice to provide you with campaigns below $250,000?

Senator FARRELL: Yes.

Dr Helgeby: Beyond that would be speculative because of the way in which decisions about campaigns are made.

Senator FARRELL: All right. We've got the January figures. When would we expect to get the February figures?

Dr Helgeby: There's a reconciliation process and that reconciliation process typically takes in the order of 45 days or longer—depending on how it's done—before you have a reliable number. So January is the latest reliable number. Government publishes an annual report; that's normally published in the fourth quarter of the calendar year, and that actually rounds out the reporting on the media spends and the campaigns. The most recent report was published just a bit before Christmas last year, I think.

Senator FARRELL: Thank you. Are you able to provide an itemised list of all AusTender contract notice numbers for all advertising and information campaign contracts in the financial year?

Dr Helgeby: That is not something we could do on behalf of other departments, because we don't necessarily know what they are using particular contracts for.

Ms Huxtable: But we can provide that in respect of our departmental spending on advertising. I know that those questions were raised in the letter that we received from Senator McAllister, but my interpretation of that question—as I understand other departments were asked the same question—was that that was in respect of the Department of Finance, and I'm certainly in a position to provide information with respect to the Department of Finance. But we don't have some sort of central reconciliation of all of the AusTender notices in respect of an individual partnership. You really need to go to the individual departments.

Senator FARRELL: So you are able to provide the ones that relate to your department—

Ms Huxtable: The Department of Finance—

Senator FARRELL: and you're happy to do that?

Ms Huxtable: Yes. But as you would appreciate the Department of Finance does very little advertising, but we do have—

Senator McALLISTER: Can you table that now?

Ms Huxtable: I can tell you what that is. We did do a question on notice on this also. As at 28 February, the department's total expenditure on advertising was $45,458.83 for the 2018-19 year to date. I can give you the AusTender contract notice—I could just table this—which is sort of like an update of the question on notice.

Senator FARRELL: That would be very handy, thank you. How many contracts are involved in that?

Ms Huxtable: It was four, I believe. You can see there that part D is the AusTender contract notice numbers.

Senator FARRELL: That's the answer to the question I was asking.
Ms Jones: Substantially our advertising relates to job advertising for MOP(S) positions for parliamentarians' offices, as well as where we have to advertise to identify a location for an electorate office.

Senator FARRELL: Okay. So who does the advertising for the positions? Is that Universal McCann?

Ms Jones: It's both of the companies that are listed in that answer. They are both media buying companies and we utilise both of them for both the advertising of positions and the advertising for location of electoral offices.

Senator FARRELL: Do they compete with one another? Are they competitors or it's horses for courses?

Ms Jones: I would have to defer to greater expertise on that.

Mr Donovan: What you're referring to is two separate master media agencies. I think the materials you have would name Dentsu as one—they were the government's incumbent master media agency for a period which ceased in July last year—and Universal McCann are our current provider. They don't compete; it simply reflects the different timing of when those contractors were in place.

Senator FARRELL: So a contract went out to provide the service and Universal McCann won it.

Mr Donovan: That's correct.

Mr Suur: On a competitive basis.

Senator FARRELL: Thank you. Have the staffing tables been produced?

Ms Huxtable: I've got those here. Are we moving to outcome 3?

Senator FARRELL: I've completed all my questions on 2.5.

Senator McALLISTER: Before we move to outcome 3, Ms Huxtable, we've just had a discussion about the third request for information that I wrote to the department about. We wrote and asked for a full breakdown of the downward revisions to payments through to parameter variations, a detailed breakdown of the NDIS estimates variation in 2018-19 and a set of information in relation to government advertising. Could we have the first two responses tabled?

Ms Huxtable: My interpretation of that letter is that we should come prepared to respond to questions in respect of those matters, and I thought that under outcome 1 we did go through those matters in some detail. So my—

Senator McALLISTER: We did, although you did not provide a detailed breakdown of the NDIS estimates variation in 2018-19.

Ms Huxtable: I'd have to check the Hansard as to whether we took any elements of that on notice. I don't have any of the officers here with me now because we've moved from outcome 1. My understanding of the whole discussion that we had then is that we went through those issues in some detail in response to the questions that you had on those matters, and we were able, I thought, to provide information in that regard.

Senator McALLISTER: Can I ask this. In the letter that I sent to you, and you have a copy of it, dated 3 April, there were three itemised requests for information. Notwithstanding
the answer you've just provided, can you please take on notice my request that you provide a response to items 1 and 2 in writing to me, and that that be expedited given the unusual timing of this estimates hearing.

**Ms Huxtable:** I can take that on notice, but I do note in respect of, I think, item 1, we did go through in some detail that there are 4,500 adjustments over 600 programs.

**Senator McALLISTER:** That is true.

**Ms Huxtable:** It is really not feasible to provide that level of detail, and I thought that the discussion we had in respect of that did go through virtually the—

**Senator McALLISTER:** Mr Fredericks did provide some high-level elements which were of great assistance—that is correct.

**Ms Huxtable:** I think it added up to $28 billion, and there are a very large number of adjustments that are very minor amounts. I can certainly look at what we can provide on notice, but I just don't want to mislead you—

**Senator McALLISTER:** You're taking it on notice and I understand—

**Ms Huxtable:** into thinking that we can provide 4,500 adjustment bits of data, which is not a matter that any government has ever provided. But certainly I can look at that.

**Senator FARRELL:** At the risk of sounding like a broken record, Secretary, what is the current number of government staff paid above the published band ranges?

**Ms Huxtable:** If you go to page 12 of the report, we have provided an updated figure in respect of that, as per your previous request.

**Senator FARRELL:** That's something you don't normally provide, is it?

**Ms Huxtable:** I think we have generally taken that on notice, but on this occasion we have provided it.

**Senator FARRELL:** You've anticipated the question.

**Ms Huxtable:** We have anticipated the question.

**Senator FARRELL:** And you've given me the answer, thank you. Looking at that figure, is the dollar value slightly lower? Yes, it is.

**Ms Huxtable:** Yes, I think that's what that says.

**Ms Jones:** That's correct, slightly lower.

**Senator FARRELL:** Yes, that's what I thought. I have asked this question many times before, and I will do so again: without revealing any personal details, in which minister's offices are these staff located?

**Ms Jones:** I think, consistent with how we've responded to that question in the past, given that in some offices it could be as few as one person, to provide the offices would potentially identify individuals, and it has traditionally been the practice not to do that.

**Senator FARRELL:** Yes. But, unless every individual in a particular office was getting, let's call it, an overaward payment, identifying the offices where overaward payments are being paid wouldn't necessarily identify the individuals, would it?

**Ms Jones:** I think the concern traditionally has been that, potentially, it's possible that you could draw a conclusion from the list of the offices, and for that reason it's been accepted
practice from this committee not to seek the details on individual offices and who in them might be receiving a salary above the range.

**Senator FARRELL:** I can't remember whether you acknowledged this previously, but under the Gillard government it was the practice to reveal in which offices overaward payments were being paid.

**Ms Huxtable:** My recollection though—and, to be honest, I wasn't involved in this area then—and my understanding is that there were very few, if any, salaries above the range, and what tended to happen was that people would instead be operating at a different personal classification. I don't entirely understand. I'm sure Mr De Silva or Ms Jones can go through that, but I think we did go through last time that different governments have had different approaches in terms of how they engage staff and how they reimburse, I guess, in respect of the specific skills of staff. Some governments have tended to use the salaries above the range mechanism; others have tended to use a different personal classification mechanism. So I'm not sure that it's really an apples to apples comparison. I think we had exactly that discussion at the last estimates.

**Senator FARRELL:** Yes. That's why I said, 'At the risk of sounding like a broken record.' I can't recall whether I produced the personal classification document from 1 May 2012, which was a Gillard government document that did in fact reveal that there were 15 people and which particular ministers they worked for. Do you recall whether I did?

**Ms Huxtable:** I don't think you did.

**Senator FARRELL:** I'll just show you what I am talking about. Unfortunately, I have one copy of that. If we can photocopy it, that would be helpful, thank you. While we're waiting for that to be photocopied, as you're aware, there's the potential for an election in the very near future. What's the practice in terms of providing information to incoming governments about these classifications? This government has decided not to release that information. Does that information then become available to an incoming government? Are there rules and regulations around that?

**Ms Huxtable:** At a certain point after an election is called you sort of start again effectively, don't you? New contracts and new arrangements are entered into. The arrangements of the current government, whether it's a returned government or a change of government, will obviously vary at the point that a new cohort of staff or new contracts are entered into. That's correct, isn't it? I'm not sure it's relevant.

**Senator FARRELL:** I understand what you've just said. I've requested information about where what I call overaward payments are applying. Let's say an incoming government that is different to the one that's in place at the moment requests that information. What is the practice in terms of providing a new government with this sort of information? Are there rules and regulations about the provision of that information to an incoming government?

**Ms Jones:** In terms of, say, the specific offices where individuals might be—

**Senator FARRELL:** Have a look at this document. This was I believe the practice under the Gillard and, to the best of my knowledge, the Rudd governments. As you can see, on this document Prime Minister Gillard identifies that she has two people who were being paid over the award. The Deputy Prime Minister also had two people being paid over the award. And then there are a series of people who have got one person being paid above the award. What
are the rules and regulations about providing that information in respect of the current government to a different incoming government?

**Ms Jones:** Retrospective information?

**Senator FARRELL:** Correct.

**Ms Jones:** Is that what you’re asking?

**Senator FARRELL:** Yes. Again, I’m not seeking to reveal the details of who the individuals are. I’ve been unable to get answers from this government.

**Ms Huxtable:** I think it’s kind of hypothetical, isn’t it?

**Senator FARRELL:** No. It’s quite a practical—

**Ms Huxtable:** You’re asking a hypothetical question. It is, because you are saying, ‘In the event of something then’—

**Senator FARRELL:** Yes, it is hypothetical.

**Ms Huxtable:** ‘If something were to be asked then what would the response be?’ I think that’s hypothetical.

**Senator FARRELL:** Well, I’ll ask it in a slightly different way then. When a new government replaces an old government what is the practice in terms of—

**Ms Huxtable:** I’ll tell you what we can do. We could potentially say what has happened in the past, if that’s what you’re looking for.

**Senator FARRELL:** Yes, that would certainly be helpful.

**Ms Huxtable:** I’ve got assistance.

**Ms Jones:** There are general principles that apply in relation to information that departments provide to new ministers or incoming ministers as it relates to detailed information about the previous government. I think our starting point would be to look at those general principles and whether or not it was appropriate to provide information that related to a previous government. As Secretary Huxtable has said, it’s a hypothetical. In circumstances where we received that request from an incoming minister, we’d probably have to look at that general guidance and determine what was appropriate.

**Senator FARRELL:** You have rules about this?

**Ms Jones:** Yes.

**Senator FARRELL:** Can you give us the flavour of those rules?

**Ms Jones:** They are general principles that apply across the board, not just in relation to the provision of this information. It’s generally the case that information about detailed decisions that were taken by a previous government remain confidential to that previous government.

**Senator FARRELL:** Okay. It’s obviously certainly true in—

**Ms Huxtable:** These are not rules that we really administer. These are more PM&C’s area of responsibility, aren’t they?

**Ms Jones:** Yes.

**Ms Huxtable:** But we would be mindful of that if that circumstance were to arise.
Senator FARRELL: To try and put that into perspective, if a new government came in and sought this information from you, you would consult PM&C about what the relevant rules would be, and the general principle would be that this sort of information would be privy to a previous government and not available to a new government?

Ms Jones: That would potentially be it, but we will check it.

Ms Huxtable: We will need to get guidance.

Senator FARRELL: Where would you get guidance from?

Ms Jones: The Department of the Prime Minister and Cabinet are the ones that provide—

Senator FARRELL: Overarching.

Ms Huxtable: They are the gurus of government transition.

Ms Jones: Yes.

Senator FARRELL: Would this sort of information constitute cabinet confidentiality? I understand cabinet decisions are obviously confidential. Would this type of information fit into that category?

Ms Jones: I think, in terms of the general principle, no, because, basically, it's information relating to salaries and it's held by us in the department. It's not subject to briefing to cabinet. But that is in general. I couldn't rule out that there would be some aspect that could be covered by cabinet confidentiality, but—

Senator FARRELL: You wouldn't think this information would fit into that category.

Ms Jones: That's right.

Ms Huxtable: I also think that we need to be cautious, because we would need to consult.

Senator FARRELL: Yes.

Ms Huxtable: What we say now is not informed by that consultation, the circumstance or the request.

Senator FARRELL: But, Secretary, you would agree that you have adopted the most cautious approach. You haven't said—

Ms Huxtable: We're always cautious. We're the Department of Finance.

Senator FARRELL: You have to be careful. You've got taxpayers' money involved, haven't you?

Ms Huxtable: Exactly.

Senator KITCHING: On 13 February in Parliament House there was an incident between Senator Burston and a staff member of One Nation. What role did the department play with respect to this particular incident?

Ms Jones: The department hasn't had a direct role in relation to that. I understand that it was more a matter that was dealt with by the Senate.

Senator KITCHING: Did the department provide advice to the President of the Senate before the President cancelled the employee's parliamentary pass?

Ms Jones: No.

Senator KITCHING: No?
Ms Jones: No.

Senator KITCHING: Has the department participated in any investigation of the incident?

Mr De Silva: No.

Senator KITCHING: Following on from this particular incident, has the department given thought to the revision of any policies or procedures?

Mr De Silva: In relation to that particular incident?

Senator KITCHING: In relation to incidents of that nature.

Ms Huxtable: I think it's fair to say that we're always looking to ensure that our guidelines and policies are as up to date as possible. You will recall, I think, from our earlier evidence that there was an updating of the workplace bullying and harassment guidance in June last year to ensure that it properly reflected the most current thinking and best practice in that area. And we continue to closely monitor our policies and proposals. So does one incident trigger something? I think we would say no; it's not an incident. But we need to be mindful of the context, the environment and the broader development of workplace practices and policies, and we need to ensure that we continue to adapt and develop those policies and the attendant training. I mean, having a policy is one thing, but then the training that's available and the encouragement of parliamentarians and their staff to participate in training are all part of the broader context.

Senator KITCHING: So neither of the presiding officers requested advice from the department?

Ms Huxtable: Not that I'm aware of.

Senator KITCHING: Thank you.

CHAIR: There are no further questions under outcome 3. I thank the relevant officials.

[18:17]

CHAIR: I now welcome Ms Annwyn Godwin, Chief Executive Officer of the Independent Parliamentary Expenses Authority and officers. Ms Godwin, do you wish to make an opening statement?

Ms Godwin: No. Thank you for the opportunity, but not this time.

Senator FARRELL: Welcome, IPEA. It's nice to see you all again. I would like to turn to the organisation, and these are questions I have previously asked, of course, and you will be familiar with them. How many inquiries has the authority now received and answered since its inception?

Ms Godwin: Sorry, I am just still getting my papers together.

Senator FARRELL: Welcome, IPEA. It's nice to see you all again. I would like to turn to the organisation, and these are questions I have previously asked, of course, and you will be familiar with them. How many inquiries has the authority now received and answered since its inception?

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Senator FARRELL: Welcome, IPEA. It's nice to see you all again. I would like to turn to the organisation, and these are questions I have previously asked, of course, and you will be familiar with them. How many inquiries has the authority now received and answered since its inception?
Ms Godwin: My apologies for that delay. I was just getting my papers together. I have the figures for this financial year—and those figures go through from 1 July 2018 to the 28 February. There were 6,768 unique client contacts, and I can break that down for you, as we have previously. The statistics in those figures remain approximately the same. We haven't seen any major changes. Staff-related matters are around 55 per cent; parliamentarians' matters, around 24 per cent; reporting matters, 12 per cent; PEMS-related matters, four per cent; and audit-related matters, three per cent. And as I've said to you before, I've rounded those figures slightly, just to give you an indication of where the matters are running, but they do seem to be fairly consistent now over the time frames.

Senator FARRELL: Okay. What was the PEMS figure there?

Ms Godwin: Around four per cent—and a lot of those are to do with training-related matters, such as, 'Can we organise some training?' or some general queries about how people can run themselves through the different phases of the PEMS program.

Senator FARRELL: Is there much of an uptake of the PEMS system with parliamentarians?

Ms Godwin: As you are aware, the Department of Finance actually project-manages the PEMS component of it. I don't know that I've got the direct figures that are running between us. We still get a combination of claims coming through to us from PEMS as well as the manual processes.

Mr Frost: My branch has the responsibility for PEMS working in partnership with the Department of Finance. We've had 98 per cent of offices in general take up PEMS—create a log-on and actually go in and use and have a look at the system itself. In terms of how many claims have been processed, we're in the really early stages of the system. We've just provided some online forms at the front end. We're still working hard manually entering those forms at the back end. But in general the feedback has been that it's really good. It's to be finalised in April 2020, so we've got some work to do and a way to go. But it's progressing very well.

Senator FARRELL: All right. And would you expect a slow or an exponential uptake?

Mr Frost: As additional functionality and opportunity is rolled out we would expect a big uptake, yes.

Senator FARRELL: Has the rate of those inquiries slowed down, or increased?

Ms Godwin: For PEMS-related inquiries?

Senator FARRELL: No, for the totality—that figure of 6,768.

Ms Godwin: Again, that number's fairly consistent. I work on the fact that we run at between 40 and 50 phone calls, on average, coming through to us on a regular basis. Again, there are peaks and troughs in that. That's why I give you an average. For example, whenever we release a quarterly expenditure report or in the lead-up to the quarterly expenditure reports, when we release the monthly management reports, which are the internal reports to parliamentarians, there will be an increase in queries that will come in during that period, and that's something that we expect, and then those queries tend to drop off a little bit. And we've got the other travel-related claims that are coming through. So, it does seem to be a fairly consistent figure at the time. Michael, did you have any further detail about the types of queries?
Mr Frost: Just that on average it's mid-40s. It can peak at about 47 or 48 per day and then can drop to 43 to 44 per day, depending on the time of year and the events that are happening around it, like expenditure reporting. We've had some calls about the election travel, asking questions about that. So, there's been a bit of a spike in that, but nothing dramatic. And we're still in the early phases in terms of being able to work out whether or not PEMS will settle the number of calls down—having the ability to claim online versus ringing up and finding out where your money is; have you been paid your travel allowance? That is a fair percentage of our calls.

Senator FARRELL: Just on that point: what's the average wait time on expense claims for travel allowance?

Mr Frost: We have an internal service-level standard that all claims for travel allowance are to be paid within seven days. We have an expectation of five days within my teams, and we consistently get to 98 per cent of those time frames.

Senator FARRELL: Have the IT systems of the authority been sufficient to deal with the workload?

Ms Godwin: We've been implementing a number of different systems. In addition to the PEMS project that we have, we also have a significant project for our records management system. I can let you know here: we are recently in the final stages of having a records authority, which is a particular set of arrangements that we have with the National Archives. That is about to be signed off, which I am very pleased to be part of. That will then continue to inform what we're doing in the TRIM system, which is our electronic data management system. That's been another IT system that we've been working significantly with. There's a further IT project we're working on, again with the Department of Finance. We're coming under the umbrella with some of their shared service arrangements. It's for our HR and our financial systems to also be on a more standard platform. That implementation date is for 30 June this year. We will go live with it on 1 July, which will be the beginning of the financial year for us. We've been working very hard to get that.

Over a period of time, we've been trying to bed down all of our fundamental, core corporate systems in place—records management, HR, finance and the big PEMS project. We're working very hard to get those base systems in place and to finalise all our establishment issues that we've been trying to deal with.

Senator FARRELL: And PEMS is the back end system you're talking about?

Ms Godwin: The back end PEMS system, yes.

Senator FARRELL: All right. Thank you for that answer. I wonder if I could turn to the budget papers. Do you happen to have those there that relate to you? I was going to request that you turn to the Budget Paper No. 4, agency resourcing, page 173.

Ms Godwin: Yes.

Senator FARRELL: We see part two, staffing agencies. It lists all of the departments under Finance. Of course, the last one listed is the Independent Parliamentary Expenses Authority, which says that as of 2018-19 the average staffing is 65. It then has the figure of 59 for the 2019-20 financial year. That's a drop of seven staff.
Ms Godwin: Yes. These are part of the original figures that were put forward for the implementation of the PEMS project. In discussions with the Department of Finance, there have been some delays to the full implementation of the reporting component of the PEMS project, so they will now be delayed from this financial year to April 2020. There has been a pro rata component that's been included in that. That's part of the figures that have gone with that pro rata component for efficiencies that were identified in the business cases that were put forward for the PEMS project.

Senator FARRELL: On the face of it this looks like a drop in staffing. Are you saying that these people have simply been transferred to somewhere else to do the job that they were doing for you?

Ms Godwin: No. As part of the overall planning for PEMS, it was identified upfront that there would be a reduction in some staff as a result of PEMS being implemented. We have been aware of that process from the very beginning and so we have taken steps to ensure that we minimise the impact of those reductions upon staff. For example, I think I mentioned to you last time that we were looking at putting some non-ongoing staff on board to tide us over this period, particularly with that uncertainty about the PEMS project being extended for the additional period. So, even though it says that there will be a reduction in staff, we've been managing to that expectation for some time. We expect the impact on staff to be minimal.

Senator FARRELL: So there hasn't been a drop?

Ms Godwin: Not yet, no, Senator.

Senator FARRELL: But you anticipate there will be a drop as a result of the take-up of the PEMS system?

Ms Godwin: We anticipate that, over time, particularly when the reporting components come on board—which is not until April 2020, that delayed process—there would be a reduction in staff and we are already managing towards that program.

Senator FARRELL: So you're winding down staff levels in anticipation of the PEMS system replacing some of the work that was previously done by—

Ms Godwin: I wouldn't say we're winding down staff levels per se. I'm saying that we are changing the make-up of the staffing that we have brought on board, so that we can manage that process. The other thing, which I mentioned to you last time around, is that we are trying to multiskill our staff so that they are not so dependent on one particular stream of work that they've been involved in over a long period of time and are highly skilled in, so that they've got some additional options and so that they've been able to be more flexible within IPEA to cope with some of our peak loads, and that's been part of the process. So not only have we been able to utilise those staff within IPEA but they've actually got a wider skill set, which may position them for the future.

CHAIR: Senator Farrell, we're due for our break.

Senator FARRELL: If I could just ask one more question, and then—

CHAIR: Will that be your final question for IPEA or will you need them after the dinner break?

Senator FARRELL: It will be.

CHAIR: Then please do.
Senator FARRELL: Will any of these changes in numbers, if they have in fact occurred, impact your ability to provide information over the election period?

Ms Godwin: No, Senator. We've worked really hard to make sure that we are well resourced to be able to respond to queries from parliamentarians and staff through the election period.

Senator Seselja: Just before we finish, is it the AEC we are coming back to?

CHAIR: Yes, it is the AEC we are coming back to at eight o'clock.

Senator Seselja: That will mean a change-over for departments and/or other ministers. Do we have a rough indication of how long we would expect to have the AEC after dinner?

CHAIR: Let's say half an hour, to be safe, and then we will move to the other agencies in the program: WGEA and the Office for Women. If there are no further questions for IPEA, I thank you very much for your attendance and your evidence this evening. The committee will now suspend, and we will resume with the Australian Electoral Commission.

Proceedings suspended from 18:32 to 20:03

Australian Electoral Commission

CHAIR: The committee will now resume. I welcome Mr Tom Rogers, Australian Electoral Commissioner, and officers from the Australian Electoral Commission. Mr Rogers, do you wish to make an opening statement?

Mr Rogers: I do not, Chair.

CHAIR: Okay. Senator Abetz.

Senator ABETZ: Thanks, Chair. Mr Rogers, at the committee hearing in October last year, you advised that the AEC had written to GetUp! and provided a preliminary view of the AEC’s investigations. I’m wondering whether you are now at liberty to tell us what that preliminary view was?

Mr Rogers: Thank you for the question. I might talk about the GetUp! process in total as well.

Senator ABETZ: I think, with respect, given the time, if you can just answer the specific question, and if we need to get into the detail then by all means do so.

Mr Rogers: I'm just trying to remember back to October of last year. I think at that stage we had written to GetUp!. In fact, we might even have that information here. We'd written to GetUp! and told them that there was a—and if I don't have the accurate words, because I don't have them in front of me—

Senator ABETZ: I hope I didn't misquote you when I said 'preliminary view'. In fact, in the Hansard of 23 October 2018—please trust me—on page 184, I regrettably interrupted you to say, 'So the AEC has come to a preliminary conclusion,' and you corrected me by saying 'a preliminary view.' That is what I'm now putting to you, as the term 'preliminary view'. What was that preliminary view?

Mr Rogers: Again, if I'm wrong I'll correct the record later, because I don't have that in front of me, but what we had said was that we had written to GetUp!—

Senator ABETZ: That's right.
Mr Rogers: and, as I understand it, I think our preliminary view was that they may have had a reporting obligation as an associated entity for, I think, two reporting periods, two financial years.

Senator ABETZ: Right. So you had come to a preliminary view that they be—

Mr Rogers: They may have had an obligation—

Senator ABETZ: as an associated entity.

Mr Rogers: to report as an associated entity.

Senator ABETZ: Yes, to report as an associated entity. Right.

Mr Rogers: If I'm wrong about that, I'll correct the record later. But I'm fairly sure that that's what we wrote.

Senator ABETZ: That's fine. Then I understand the AEC ultimately concluded that there was—and I hope I'm not misquoting you—'insufficient evidence' that GetUp! was an associated entity at the relevant time.

Mr Rogers: For the two financial years in question, Again, I'm pretty sure that would be a correct characterisation of what we said.

Mr Pirani: Yes, that's correct. The main financial year we were looking at was 2016-17, which included the 2 July 2016 election.

Senator ABETZ: So your preliminary view was that there may well have been an obligation as an associated entity to report. You then received other advice as well, from other sources, that caused you to modify that preliminary view. Is that correct?

Mr Rogers: I'm being very careful with my language here, because this is an important area.

Senator ABETZ: That's fine. Then I understand the AEC ultimately concluded that there was—and I hope I'm not misquoting you—'insufficient evidence' that GetUp! was an associated entity at the relevant time.

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Mr Rogers: I'm being very careful with my language here, because this is an important area.

Senator ABETZ: Yes, of course.

Mr Rogers: I'm not sure we modified our preliminary view but rather, when we finished the process, the final conclusion was different from where we were at that point in time.

Senator ABETZ: I accept that.

Mr Rogers: I am trying to be very deliberate with my language.

Senator ABETZ: Yes, of course.

Mr Rogers: You mentioned that we sought information from other sources, which we did. First of all, GetUp! provided information to our offices, and, secondly, we sought legal advice from both the CDPP and the Australian Government Solicitor as part of that process.

Senator ABETZ: In that process, did you ever declare GetUp! independent?

Mr Rogers: It's not within my power to declare GetUp! as either independent or dependent on another party, nor is it within my power to do that for any entity.

Senator ABETZ: And, therefore, it would be dishonest of any organisation to assert that?

Mr Rogers: I wouldn't comment on any other organisations, but I can tell you that the AEC has no power to declare anyone independent or otherwise.

Senator ABETZ: Therefore, given that you don't have that power, I assume you don't do that?

Mr Rogers: That is correct.
Senator ABETZ: Therefore, it is in fact false for anybody to assert that the AEC has declared them independent, because you don't have the power to do it and you don't do it.

Mr Rogers: That's correct.

Senator ABETZ: Therefore, anybody that makes such an assertion must be making that assertion based on a falsehood.

Mr Rogers: If we're talking generically—

Senator ABETZ: Yes.

Mr Rogers: absolutely. I have no evidence that anybody said that at any time—not just GetUp!, by the way, but any other organisation. But, because I have no power to do so, it would certainly be a false piece of information.

Senator ABETZ: Because GetUp! told their so-called membership base: BREAKING NEWS: AEC declares GetUp independent!

Clearly, yet again, it's another false assertion by GetUp! as to their behaviour, and it's just part and parcel of what they do. Thank you for clearing that up for us.

It's not usual for me to be critical of the AEC, but can I quickly take you to the question you took on notice for me at the estimates hearing on 19 February 2019. F058 is the number. I asked a specific question about the letters that you wrote to the electors of Clark, about them being in a newly named electorate. I asked: 'If nothing was hindering such an explanation, why were constituents not advised in plain English?' With respect, the answer provided does not provide an answer to that and, dare I say, does not assist us in plain English either. I was just wondering why I got that answer? To try and truncate this, if I might quickly editorialise and, with respect to you, Mr Rogers, the AEC could have said, 'We understand the issue. We will try to do better next time.' People like me and a lot of electors in Clark, including the federal member for Clark, whose bidding I do not do, shared concerns about the correspondence that was sent out. I would flag with you the ongoing frustration and, hopefully, next time an electorate changes its name and nothing else we will be able to provide that to them in plain English. I will leave it at that, and thanks to the committee for its indulgence.

Senator McALLISTER: Mr Rogers, there has been, obviously, quite some amount of media speculation around election dates, and I don't expect you to comment on the probability of any of them but I do want you to comment on the probability of what dates are now available as potential poll days and any differences or challenges that specifically present in relation to each of those options. As I understand it, discussion now really centres around 11 May, 18 May and 25 May, and I wonder if you could talk us through the issues that present for each of those dates.

Mr Rogers: Sure. I might talk in general terms. Mr Pirani may care to talk about specific dates, but I might just talk generically. I am always nervous talking about dates so close to an event because I do not want to in any way presume what his Excellency the Governor-General or the Prime Minister may do. The points I have made to this committee previously were that the later we go, the more complex it becomes for the AEC but that does not mean it is impossible. What I have pointed out previously is there are things that I cannot control with the delivery of the election. One of those things is recounts in the House of Representatives for close seats. We have had examples previously where those recounts can take a period of
time. If I think back to 2007, where there was a recount in the seat of McEwen, the number of challenged votes in that recount were about 600 or thereabouts. That is relatively easy for us to deal with. At the 2013 election, in the seat of Fairfax, where there was a close seat, there were over 50,000 challenged votes. As a result of that, all of those votes had to be ruled on by one person under the legislation of the state manager, so that takes an extraordinary period of time. There is always a risk in any election that it will be difficult for us to return the writ.

This particular election has other issues at play. They are the public holidays that exist during the election period for those dates. Again, I am not talking about what the Prime Minister and the Governor-General may or may not do but I am talking generically. Obviously, we have Anzac Day, the Easter weekend—Good Friday and Easter Monday—so, depending on which way the election plays out, there are some potential complications with some of those dates. None of that is insoluble but there are some potential complications.

Senator McALLISTER: And the significance of returning the writ in a timely way, could you step that out for us?

Mr Rogers: Yes, and I might hand over to Mr Pirani, just to make sure I don't make an error in this regard.

Senator McALLISTER: He can be very precise.

Mr Rogers: Yes.

Mr Pirani: The issue is the three-year terms of senators expire on 30 June. Friday 28 June is the date that, if we were trying to return writs to meet that timetable, we would be trying to make sure that we return the last writ. That is because when we return the last writ, that starts the period for the Court of Disputed Returns. So the challenge for the AEC is to try and ensure that the six writs for the Senate that get returned to state governors are done in time and the remaining writs are returned to the Governor-General in time, if we are going to have the Senate with a full complement of senators by 1 July.

Mr Rogers: Just to then perhaps tail that answer with Mr Pirani, whatever his Excellency the Governor-General tells us to do in that writ, we will do. You asked the question about the circumstances that would exist during that period. They are the issues as I see them, that just exist at that point.

Mr Pirani: I do note that section 11 of the Constitution states: The Senate may proceed to the despatch of business, notwithstanding the failure of any State to provide for its representation in the Senate.

So there is a provision in the Constitution that should the Senate need to sit at a particular time and should not all the senators have been returned, that technically the Senate would be still able to sit.

Senator DEAN SMITH: There could be a ceremonial opening but no business conducted constitutionally.

Mr Rogers: What Mr Pirani may be indicating is an opening and half the Senate that exists could actually conduct the business of the Senate at that point.

CHAIR: There would have to be a quorum though for a—

Mr Rogers: If that's all, that's where we are with it.
**Senator McALLISTER:** What are the relevant time lines and deadlines once the clock starts ticking on the Court of Disputed Returns?

**Mr Pirani:** There's nothing after that, as far as the AEC is concerned under the Commonwealth Electoral Act. Our role is finished after the 40 days of the Court of Disputed Returns period has expired, depending on whether or not a petition has been lodged.

**Mr Rogers:** And depending on what court orders we receive, potentially during that period, from the High Court to tell us to do various things.

**Senator McALLISTER:** But I guess the point you are making is that, from 28 June, a 40-day time line pushes well in to sort of July-August.

**Mr Pirani:** But, again, we would have returned the writs and technically finished the election when we return the writs. The Court of Disputed Returns period starts where people are able to petition the court to set aside one of the elections for which we've already returned the writ. If I go back to 2013, we had to complete the WA Senate election, despite the issue of the missing ballot papers, so that we could petition the Court of Disputed Returns. The process is very clear. We have to make sure that all the writs are returned so the period for the Court of Disputed Returns can commence and then if anybody believes they've got facts that disclose there was some illegal practice or something that would invalidate the election result, it would enable them to go to the Court of Disputed Returns to challenge the election.

**Mr Rogers:** I hate talking about 2013 because it brings back memories but, just for the record, we petitioned the court ourselves. The AEC did that in that particular circumstance and it is conceivable we would do something similar if such a circumstance were to arise.

**Senator McALLISTER:** I guess the point being that if one is trying to be in a position to have all of the parliamentary organs functioning in July, 25 May is leaving it quite late but, nonetheless, you will do as you are requested.

**Mr Pirani:** Absolutely.

**Senator FARRELL:** I apologise for being late. I was just listening to the next PM give his address in reply.

**Senator DEAN SMITH:** Day dreaming?

**Senator FARRELL:** You wish.

**Senator DEAN SMITH:** Night dreaming?

**Senator FARRELL:** Mr Rogers, I think I got the gist of your answers. Can we just focus a little bit more on that 25 May date? I think you've given us some answers in respect of all the potential dates that the current Prime Minister has mentioned for the purposes of the election. If the election is on the last of those dates—25 May—are there any problems presented to the commission in the event that there are disputes regarding the results of that election? If so, can you give us—

**Mr Rogers:** I mentioned before that it's a bit difficult to predict exactly what would occur, but if there was a very close House of Representatives seat and there was a request for a recount during that period, then we did the recount and it went the way that the recount in the seat of Fairfax did in 2013—where there were 50,000-odd challenged votes—that would slow us down quite significantly, as indeed it did in 2013. But, again, we can't predict. That might
be an issue that would cause some delays. But what we would do, again—as we always do—is try to put sufficient resources against that to resolve any issues that came about.

Senator FARRELL: The candidate who made the challenge to that vote has indicated that he's nominating in this election, has he not?

Mr Rogers: Well, there's certainly been a lot of—

Senator FARRELL: He's certainly spending a lot of money.

Mr Rogers: I don't know about how much money is being spent. There's certainly a lot of information publicly available, but there are a number of—

Senator FARRELL: I think it would be fair to say that he's spending more money than you're spending on the election at the moment!

CHAIR: Probably you or us too, Senator Farrell!

Mr Rogers: It's a comprehensive campaign that's being run, and certainly it's been indicated that there'll be a number of candidates in a number of seats.

Senator FARRELL: Yes, including a full-page advertisement in *The Australian*—two full-page advertisements—today. But can you take us through: let's say the election is on the 25th and it's a close election, as it was in Fairfax in 2013, and there's a challenge to 50,000 votes. What time frame did it take in 2013?

Mr Rogers: The technical difficulty—and again, Mr Pirani might join me here—is that, under the legislation, those challenged votes eventually needed to be ruled on by our state manager. That means one person had to examine those votes and make a ruling. If I think back to that particular election, I think the state manager was based in Brisbane and was actually trying to run other aspects of the election, so the votes were transported from the Gold Coast, I think, down to Brisbane on a daily basis—

Mr Pope: Townsville.

Mr Rogers: Townsville, I should say—and that has to be looked at with scrutineers present. It's a complex operation, and there are many arguments involved as well.

Mr Pirani: It took just over four weeks for that recount and the challenging process to be completed. If I can contrast that with Herbert, that took just over six days, at the 2016 election.

Senator FARRELL: What's the difference between—

Mr Pirani: The numbers of challenged ballot papers was the main difference.

Mr Rogers: But just to be clear, we can't prevent challenges to the ballot papers. There's no power to say, 'Look, that's an unreasonable challenge.' That's why it occurred that way in Fairfax. I forget how many scrutineers were present.

Mr Pirani: There were 25 to 30 scrutineers there at the time on behalf of one of the candidates, and at least half of those were legal practitioners, and it was a rather intense process. I was there for the first few days of that, and I ended up leaving—one of my lawyers was up there in Fairfax and then down in Brisbane for the remainder of the challenges.

Senator FARRELL: And that result was a 37-vote victory?

Mr Pirani: I think it was about 37, yes.
Senator FARRELL: To Mr Palmer?

Mr Pirani: That's correct.

Senator FARRELL: That four-week process that you're talking about: how long after election day did that process start?

Mr Pirani: It would have been a few days after, because we would have had to go through all the scrutiny processes. So, we had the initial scrutiny on the night, and then we had the fresh scrutiny, and then we had the final scrutiny and the allocation of preferences. So, it occurred after that; that was when the ballot papers could be reserved. All the decisions up to that time were being made by the divisional returning officer under section 274 of the act. But soon after the divisional returning officer made those decisions we had kicked in the reserve ballot paper process, which is a separate provision of the act, which meant that that had to be determined by the Australian Electoral Officer, and the divisional returning officer no longer had a role.

Senator FARRELL: If we got a repeat of that type of event at this election, how close to 1 July would we end up? Would we be over 1 July or just before 1 July?

Mr Rogers: It's very difficult for us to speculate on that. But if we had a similar situation with a large number of challenged ballot papers we would be doing everything in our power to streamline that process as much as possible to ensure that we meet the time lines in the writ. We're very conscious of that. We would also move resources from other areas to ensure that that occurred, to move as swiftly as possible.

Senator FARRELL: If an election is called on 25 May when would you expect the writs to be required to be returned?

Mr Rogers: Returned? It would be on 28 June I would think.

Mr Pirani: No. The normal process in the Electoral Act is 100 days after the issue of the writ. So a period sometime in July would be what would expect would be in the actual the writ document itself. However, the AEC is aware of the issue of the three-year terms et cetera, so we would be aiming, as a matter of practice, to ensure that the writs were returned in time for those with three-year terms to be replaced by 1 July.

Senator FARRELL: But it would seem that it's a more difficult process the later that you leave it. To put it in the vernacular, you'll be up against the wall if the election is held on 25 May?

Mr Rogers: I'm very nervous about even talking about writs in any case, for a whole range of reasons, but I guess what I've said both here, and to the Joint Standing Committee on Electoral Matters, previously is the more time we have the happier we are, the less time the more difficult it is. But whatever is in that writ from His Excellency the Governor-General we will produce a result.

Senator MOORE: Mr Rogers, I'm interested to know with the experience in Fairfax, and then subsequently Herbert—though that was a lesser number of challenged votes—has the AEC changed practice?

Mr Rogers: Actually, our practice in Fairfax was good. In fact, I would almost call it—

Senator MOORE: It reinforced the way you operated. There was nothing that happened in Fairfax that has indicated that you needed to change your practices into the future?
Mr Rogers: In fact, the state manager at the time, who has since left us, had a very good system in place to be able to deal with those challenged votes.

Senator MOORE: He did indeed. I just wanted to check. Thank you.

Senator FARRELL: Has the government sought any advice regarding the election date from the Australian Electoral Commission or you as commissioner?

Mr Rogers: Yes, they have.

Senator FARRELL: Has that advice been provided? And, if so, what was the advice?

Mr Rogers: I might talk generically if that's okay?

Senator FARRELL: Sure.

Mr Rogers: The advice was purely about the operation of the Electoral Act, including things like minimum number of days for close of roles and how that plays out in accordance with the Electoral Act. What it was not was any advice about what date it could or could not be, but rather how the Electoral Act played out in that process, which is advice we would provide to any government during that period.

Senator FARRELL: I'd like to ask a few questions about the AEC's preparations for the election period. Firstly, how are preparations progressing?

Mr Rogers: I think I said to this committee, or a different committee, previously that we were ready to be ready rather than ready, because of the expense involved in being ready the whole time. Given the amount of training in particular that we've done during the cycle, which is probably more than we've done ever in our history, we are more ready for an election in our history than we've ever been. We have got better training, better processes and better doctrine. We're very comfortable with where we are right now. If you ask any electoral official, 'Are you fully ready?' the answer is always no. But we are more prepared than we've ever been and confident of where we are.

Senator FARRELL: Are there any particular issues that stand out as potential problems for the poll?

Mr Rogers: No. There are opportunities though, and—

Senator FARRELL: What are they?

Mr Rogers: I'm glad you asked. We're seizing some of those opportunities. In particular, there were some perceptions at the last election about queuing.

Senator FARRELL: Tell us about that.

Mr Rogers: There were a couple of places where queues were longer than we'd like. Out of interest, about 75 per cent of Australians, in our research, got through the polling place in under 15 minutes. So they were in and eating their democracy sausage at the other end within a 15-minute window. I think on the day of polling, when we've got, at the last election, over 11 million Australians walking through our door on that one day, it's a modern miracle we were able to achieve that level of throughput. However, to deal with the perception of queuing, we've done a lot of research over the last electoral cycle with a Victorian university, Deakin University, and we're introducing some better techniques to manage queues to make sure citizens have a good experience on the day. I can tell you, though, that there will be
queues, particularly if people turn up at eight o'clock in the morning. There are going to be queues.

But we are putting in place better metrics and better measures to try to assist with that. We're using more electronic certified lists than we've ever used before—I think we're using something like 4½ thousand—and that will help speed up things, particularly at prepoll voting. Our training is better. We're providing our polling staff with a range of video based training that we are very proud of and that I think is very innovative. We'll have more issuing officers at this election than we've had previously, which should make the day go more smoothly as well. And we've refined our practices and processes. I'm actually very comfortable with what we've done with that process.

**Senator FARRELL:** What are your current enrolment figures, and what work has been undertaken to improve those figures?

**Mr Rogers:** I've mentioned to this committee previously that we are very proud of the electoral roll. I mentioned to this committee previously that we were at 96.3 per cent completeness, which is the best roll result we've had since Federation. I am happy to tell estimates this evening that that figure has actually increased, and it's at 96.5 per cent, which is an extraordinary boost to the roll. About three weeks ago, I think, we wrote to over 400,000 Australians—in fact, every Australian who wasn't on the roll for whom we had contact details. We either wrote to them, emailed, or SMsed, and urged them to get on the electoral roll. We are still processing a large number of enrolment transactions from the New South Wales state elections, which will further add to that. While we are on that, of the over 400,000 Australians we wrote to the other week, I think about 72,000 or 77,000 were self-declared Indigenous Australians as well. So we are really trying to drive up roll completeness before the election. I'm really proud of those numbers. If we look at the March numbers, 16,323,823 Australians are on the roll. We think that will be better again because, as you know, the close of rolls period during the election is the biggest spur for enrolment. So we are very, very happy with what we've done with that.

**Senator FARRELL:** I just noticed Mr Pope hand you that document. Just for completeness, what was the figure at the 2016 election?

**Mr Rogers:** I think I can give you that, Senator.

**Mr Pope:** It was 15,676,659.

**Mr Rogers:** Just for the record, back when I first joined the commission in 2007, the completeness rate of enrolment was at about 89 per cent. We were struggling to get to even 90 per cent, let alone a target we had of 95 per cent, and now we are at 96.5 per cent. So it's a success story for Australia.

**Senator FARRELL:** That's excellent, but there is one dark spot. Would you like to tell us about that?

**Mr Rogers:** There are probably a couple, actually, if I might. Around the Western world youth enrolment remains a complex issue. We do as much as we can with youth enrolment; it's something we have to work on continuously. The figure I have here is actually for December, which is perhaps not as useful, but the enrolment rate for youth voters aged 18 to 24 was 85.8 per cent in December of last year. There is a big difference between youth enrolment and the overall rate of the roll. The same-sex marriage survey seemed to act as a
spur for youth enrolment, which was interesting. I think we processed over a million transactions during that period. Of that, there were over 100,000 new enrolments, and most of those new enrolments were in the age group of 18 to 24, so that remains an issue for us. And then Indigenous Australians remain under-represented on the roll, and that's been the case, as you know, Senator Farrell, for many, many years. We are trialling different activities at the moment, but it's something we need to focus on, again, after the election in a very large way. We work with our partner agencies, including the Northern Territory Electoral Commission, who focus on this issue, but we've got a lot more work to do in that regard as well.

Senator FARRELL: As you're aware, Townsville has been hit with significant flooding. What preparations are underway to ensure an electoral process can be rolled out in that area given the damage and the large number of absentee voters?

Mr Rogers: We're very aware of that, and our staff up there have been doing some great work in looking at the impact on polling places in particular and whether we need to find new polling places. We also look at estimates of ballot papers to make sure there are going to be sufficient ballot papers in other polling places. Our staff have also contacted housing services in Townsville to work out how many families have been affected, so we are aware of that. I might praise my staff, not only there in Townsville. When these things happen in other areas, it's the same process that our staff go through at a state level and divisional level to make sure that we can provide services to individuals. I'm answering a question you haven't asked here, but it's useful for people to understand that, if something like that happened during the event, we do have the ability to suspend polling and then start that again a week later if there is flooding, and we have done that previously in Queensland. I can't remember when, Mr Pirani, but that was—

Mr Pirani: I think it was in 2007 in Maranoa.

Mr Rogers: That's a facility we have as well.

Senator DEAN SMITH: Just before I come to the specific budget measure that's identified at page 90 of Budget Paper No, 2, where there is a federal election held in close proximity to but after a state election, and where the voting method at the state election is different to the voting method at the Commonwealth election, do you see a rise in informality that might be attributed to the fact that the voter is confused about the two different voting methods because of their close proximity?

Mr Rogers: That's absolutely the case. There are three factors that our research shows impact on informal voting. One is where English is spoken as a second language in that electorate. In fact, traditionally, up until the last election, the top 10 seats for informality were all in Western Sydney. The second factor is simply the number of candidates on the ballot paper—the more candidates there are, the higher the level of informality. The third thing is, absolutely, the proximity of it to after a state election where there is a different voting system used. They're the three really sticky metrics.

Senator DEAN SMITH: So specifically then, in the context of New South Wales and the recent state election, what initiatives is the AEC taking to reduce the possible incidence of informality given that the Commonwealth election is being held in close proximity to the recent state election?
Mr Rogers: We are very conscious of that, and our staff in New South Wales will be doing additional work—media work as well as public affairs work—to try and alert people to how to cast a formal vote. We are also pointing people to our practice ballot papers on our website to make sure that they understand how to cast a formal vote. People can get on there now—there's a practice voting tool. We will be doing everything we can to try and point that out to people, and the key point is when citizens actually walk into the polling place and are issued the ballot paper with the instructions on how to fill out a vote. We are conscious that at the last election our assessment was—if I get this right—that the level of deliberate informal voting overtook the level of accidental informal voting, we think for the first time.

Senator DEAN SMITH: So consciously casting a vote in an informal manner?

Mr Rogers: That's correct. It's easy to determine that. If the ballot paper is blank or blank and contains a message for either parliament or for us, or pictures—

CHAIR: They're probably more for us than you, Mr Rogers. It's kind of you to—

Mr Rogers: You would be surprised! Or if there are particular drawings—

Senator STOKER: 'A single vote for Batman', or 'Batman gets my vote.'

Mr Rogers: Yes. So there are interesting things. The research at the last one showed that that's the first time that it's overtaken. We're very conscious of that. We try to talk to people about the value of the vote, and we'll be running heavy on the campaign about that.

Senator DEAN SMITH: Have you ever been asked to provide advice on optional preferential voting as an alternative Commonwealth electoral voting method?

Mr Rogers: No, I haven't. I'm just looking at Mr Pirani.

Senator DEAN SMITH: No? Okay.

Mr Rogers: I'm just wondering whether it was canvassed in the green paper back in—it was in the green paper?

Mr Pirani: In 2008, which was the first of the green papers.

Mr Rogers: But I haven't been asked to provide—

Mr Pirani: There were two green papers that were produced, one in relation to general elections and referring to things about harmonisation of electoral systems and voting et cetera, and then there was another one dealing with campaign financing, donations and disclosure. But it was in the first of those reports.

Senator DEAN SMITH: But not in recent times. Turning specifically to the budget measure that's identified at page 80 in Budget Paper No. 2, there is $10.8 million over two years—I want to be sure I'm reading this correctly—for two initiatives, even though it's one measure: new polling place technology and upgrades to AEC's ageing core ICT infrastructure. Of the $10.8 million, what can be attributed to initiative 1, new polling place technology, and what can be attributed to initiative 2, upgrades to AEC's ageing core ICT infrastructure, or are they the same thing?

Mr Rogers: No. They're very different things.

Senator DEAN SMITH: That's what I thought.

Mr Rogers: On the ageing ICT infrastructure, I've mentioned to this committee previously, and also to the joint standing committee, that our two big systems—
Senator DEAN SMITH: To be fair, Mr Rogers, I'm probably less interested in that and more interested in the new polling place technology, because I don't remember seeing any technology at a polling place. There's a pencil and a piece of paper.

Senator STOKER: You're missing the action. There's so much more than that!

Senator DEAN SMITH: So I'm just curious to know what sort of revolution Australian electors are going to witness.

Mr Rogers: Just to be clear, the Australian voting machine remains a pencil, but the polling place technology is the electronic certified lists.

Senator DEAN SMITH: Which you mentioned.

Mr Rogers: Which I mentioned. Just to be clear, this election, 4,400 and something, we've paid for out of our hide, but they are really good technology and will assist in a whole range of ways. We would like to deploy that in a much broader way. This money is actually to assist us to work out how we could do that in the long term in a cost-effective way. It might also allow us to explore something radical, even sharing some of these devices with the states and using some of the devices that the states are using as electronic certified lists. So that tranche of money will actually assist us to investigate how to do this in a cost-effective way across Australia. The vision would be that, at every polling place, there is an electronic certified list and no more paper based rolls. One of the great things about these—Senator, you and I have discussed the issues of people turning up to the polling place and being confused— is that, because they're linked back to a central database, they provide all sorts of connectivity and it enables us to monitor exactly what's going on, levels of ballot papers, how things are occurring in the polling place, whether someone might be attempting to vote twice, all of those sorts of issues. So we want to try and roll that out around Australia.

Senator DEAN SMITH: So a scrutineer would be able to go round to a polling place and get a real-time answer to the question of how many voters have voted at this particular polling place?

Mr Rogers: That is absolutely possible.

Mr Pope: Can I just add—

Senator MOORE: I'm interested in the division of the money.

Mr Pope: I'm sorry; I just wanted to make sure we are all clear: this is actually about business cases for these further investments.

Mr Rogers: Yes. It's not actually the machines, because to equip every Australian polling place with electronic certified lists is going to be more than $6 million.

Senator DEAN SMITH: It is a modest amount, $10.8 million, I would have thought. But Senator Moore is correct: I'm keen to know how the $10.8 million is divided between the ICT infrastructure upgrade and the new polling place technology.

Mr Rogers: Around $6 million will be for the investigation of the polling place technology, and around—sorry; is it the other way round?

Senator DEAN SMITH: I would have guessed that the urgency would be around the AEC's ageing ICT—

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE
Mr Rogers: Replacement of the ICT infrastructure. Yes, that's correct. I'm just going to get my chief financial officer to hand me a small—I think I was right actually.

Mr Pope: I'm sorry.

Mr Rogers: That's all right. I'll talk to the deputy later!

Senator DEAN SMITH: That's why you're the commissioner.

Mr Rogers: $2.2 million is for the business case for the upgrade of our ageing IT systems, and the rest is about the polling place technology.

Senator MOORE: They're both business cases.

Mr Rogers: I just point out that, even though it looks like $2.2 million is a small amount for ageing IT systems, the actual cost for the replacement of those systems is likely to be a significant amount of money.

Senator DEAN SMITH: That $2.2 million is for a business case.

Mr Rogers: Yes.

Senator DEAN SMITH: Am I correct in reading this as saying that that money has been brought forward?

Mr Rogers: Some of that money has been brought forward. I just point out that all of that money is ultimately offset, as well, through efficiencies that we are hoping to make.

Senator DEAN SMITH: If the chair will just indulge me, I have one last bean.

CHAIR: Only because you asked nicely.

Senator DEAN SMITH: Thank you. At the last estimates we talked about prepolling and had a discussion about whether it was a policy decision of government that you were implementing or a decision or a preference that the AEC was implementing. Can you give us an update in terms of numbers of prepoll places, the duration of the prepoll and whether or not we can expect to see more people places into the future. The point that I made at our previous estimates was that this changes the campaign focus of political parties and their candidates and it changes the voters' experience, or the opportunity to participate as well. I'm always curious to know whether these decisions have been imported because they've been conscious decisions of government policy—governments' policies—or it is a preference of the AEC that has led to the proliferation of prepolling. 'Proliferation' is my word. You talked previously about the large numbers of people who utilise prepolling, but I have always been curious to know whether they were utilising it because it's available. Have you got an update for the committee?

Mr Rogers: I think it's a very reasonable question. As I understand it, the chair and the deputy chair of the Joint Standing Committee on Electoral Matters have both written to the current SMOS asking for this matter to be examined in the life of the next parliament. I think you're right—it is on the increase—and I think we've discussed it previously. For the record, if I don't look at postal votes, just at prepoll, in 2007 prepoll as a percentage of the total was about 8.22 per cent and in 2016 it was 22.67 per cent, so there's been a rapid increase.

Senator DEAN SMITH: But, as I said before, the missing part of that discussion is how many prepoll places existed—

Mr Rogers: Before that event.
Senator DEAN SMITH: That's right.

Mr Rogers: The first thing is that we are simply administering the legislation. It's not a policy piece for the AEC. We are very, very conscious that this is a piece of voter demand. Just out of interest, in 2016, based on legal advice, we reintroduced for the first time the requirement for citizens to self-identify about whether they are entitled to a prepoll vote. When they go into the prepoll centre there is a sign on the door where we point out that they need to qualify—qualify is a bad—

Senator DEAN SMITH: There a criteria that need to be met.

Mr Rogers: Criteria they have to meet, yes. Then when they go to the desk they're given another sheet of paper and told again they self-identify. We don't check what they tell us, but I can tell you that, magically, over the years, 22.67 per cent of citizens clearly are entitled to a prepoll vote against those criteria. We are finding that the numbers are ramping up rapidly and very large queues are forming at these prepoll centres. What we're trying to do is match that queuing with centres of our own.

Senator DEAN SMITH: Sometimes these prepoll centres are not optimum in terms of the facilities that you've identified to be used, so you've got long lines of voters lining up and impacting shoppers who might be conducting their normal day-to-day activities. I'm conscious of our time, but the point is that this is going to be consciously examined in the next parliament through the Joint Standing Committee on Electoral Matters.

Mr Rogers: I think it's a reasonable thing for that to occur, because I'm not sure that the original intent of parliament in passing that legislation was just to allow pretty much everyone to come and vote, which is what appears to be occurring by default.

Senator DEAN SMITH: That's effectively my fundamental point, as well.

Mr Pirani: The period of prepoll is determined by the legislation. We have no discretion there.

Mr Rogers: Although, interestingly, this election there will be one less day of prepoll because the legislation has changed. So it'll be one less day.

Senator MOORE: I have one supplementary question on your comments. You gave evidence earlier that you're looking at ways to facilitate queuing for the actual election day. Can any of those methods that you're looking at be used then in prepoll? One of the huge issues is the massive queues for prepolling.

Mr Rogers: All of what I mentioned before—

Senator MOORE: Will translate to prepoll?

Mr Rogers: will be used at prepoll as well, yes.

Senator MOORE: Thank you.

Senator WATERS: Thank you for being with us again this evening. I don't have very many questions for you, but I am interested in this. There's been some commentary that the publication of the annual financial disclosure forms is perhaps not quite as transparent or easily analysed as it ideally could and perhaps should be. I understand the website has images of the original returns and some analysis and then there's a data export function. Are there any plans to make that data displayed in a way that makes analysis more ready?
Mr Rogers: First of all, let me acknowledge that it is difficult because, effectively—I'm using my non-technical language here—we're talking about PDFs, which are not particularly useful for people or searchable. We do our best. But we do have a project in place at the moment. I might get Mr Pope to just briefly talk about that. It will be designed to provide better information and more searchable information for people to be able to use.

Mr Pope: When the legislation was updated in December last year, we also received some additional funding for us to develop what we're calling a political party portal. That is effectively an online tool for political parties and stakeholders to upload, access and analyse data. We are developing that tool throughout this calendar year.

Senator WATERS: When's that likely to be finished and up and functional?

Mr Pope: I'd say later this year.

Senator WATERS: Okay. Can you tell me just a bit more about the searchability and the other transparency features of that and how it differs, as you say, from the current sketchy PDFs? Well, you didn't say 'sketchy'.

Mr Pope: It's currently being built as an IT build that we're working our way through. So it's probably a little early for me to be committing too much to exactly what it's going to look like, but these sorts of requirements are certainly at the forefront of our minds.

Mr Rogers: One of the principles that we put on the table for the joint standing committee is that the process centre should be as transparent and timely as possible within the confines of the legislation. Part of this system will be designed to do just that. By the way, our staff have done a great job over many years with a small amount of funding for this. So I'm not criticising anything that we've done previously, but we hope to provide everybody with more functionality as we move forward.

Senator WATERS: Okay. If the time frame is hopefully later this calendar year, does that mean you're hoping for it to be operational before 1 February, the disclosure date next year?

Mr Pope: That's something we would certainly be aiming for, yes.

Senator WATERS: Great. There's just one other question. We have done whole inquiries into this, but I'm going to ask you anyway, so tell me as much as you can. I'm just noting that the ABC was reporting that Facebook hadn't dealt properly with unauthorised election ads on their social media platforms. So what steps is the AEC going to be taking with social media companies like Facebook to ensure that there's better compliance with the laws around authorising election ads?

Mr Rogers: There a couple of things. We're already working with Facebook and Twitter. We've met them and we've found them to be very responsive to date. To be fair to them, they've been incredibly responsive to us. Previously we thought they were not so responsive and now they appear to be. We also did a party briefing in Canberra recently for political parties where Facebook and Twitter came along, for example. We're engaging with them.

At the same time, for the first time ever, we're about to launch a social media campaign designed to help citizens think about the information they're receiving—not the information itself, but the source of the information—to make sure ads are authorised and that they can peg that information back to a verified source. We're going to be asking citizens to stop and consider that information. We're working on that. It will be social media only, but it'll be a
way of us also helping citizens identify, effectively, disinformation. So we're working with Facebook and Twitter. We're running for the first time ever a social media campaign, which will launch this year and urges citizens to consider the authorisation of what they're reading to make sure that information is real. We'll continue to liaise with Twitter and Facebook during the event. Where there are issues, we will deal with those issues as they pop up.

**Senator WATERS:** You said they'd been a little bit more—I can't remember the descriptor you used—helpful than we thought they had previously been. Can you tell me anything more about what actual concrete steps are at your disposal to force them to comply or to encourage compliance?

**Mr Rogers:** I might ask Mr Pirani to answer.

**Mr Pirani:** We have a power in the act to seek injunctions under section 383 of the act, and that would include against Facebook if they continue to allow material to be posted that was in breach of the act. However, the approach we've been taking thus far is that we now have clear points of contact with Facebook and the other social media players in Australia. Part of the frustration that we've had previously is that, when we had to get action taken—and Facebook eventually would do it—the difficulty is that we had to go through the US and that took quite a deal of time. So Facebook have been extremely cooperative. My staff have made several requests to them for action to be taken, and it's been taken almost immediately.

**Mr Rogers:** Twitter have also been very good as well.

**Mr Pirani:** And some of the action they've actually taken has actually been taken before we've received a complaint, because they've regarded it as a breach of their own rules. So we at the moment have a very good relationship with Facebook and with the other social media players, and it is something we are actively fostering.

**Mr Rogers:** And, again, we'll analyse that during the election and afterwards. We'll have a think about how that worked during that period.

**Senator WATERS:** Okay. One last question: I think you mentioned that this was the first social media campaign that you were doing just to help—

**Mr Rogers:** It was the first social media campaign about disinformation.

**Senator WATERS:** I see. My question was: what other social media campaigns have you run? In particular, given that the voting system was changed just prior to the previous election, have you done much voter education on how to vote in a valid manner since then? Have you got any planned for this election or have you done it recently?

**Mr Rogers:** At the last election, we did an incredibly comprehensive media campaign with all forms of media, including social media, and we intend to run something along the same lines for this election. It won't be as comprehensive with the changes to the Senate vote, because this is now business as usual, but we run a large scale PR campaign, an awareness campaign and a social media campaign over the various phases of the election, from the close of rolls through to the need for people to turn up to vote through how to vote formally. We'll be doing exactly the same campaign this time around, including on Facebook and on Twitter. We push those channels a lot.

**Senator WATERS:** Okay. Is it also mainstream media?

**Mr Rogers:** Absolutely.
Senator WATERS: Televised as well?

Mr Rogers: Televised, radio, newspaper ads—it will be comprehensive. Our research from previous elections shows it's relatively effective at getting the message out to voters.

Senator WATERS: Have you seen a material change in valid voting? I suppose you wouldn't know if it didn't reflect the voters' intention, but you would know if it's an incorrectly filled out ballot paper.

Mr Rogers: It's interesting that you ask. Just out of interest, at the last election the House of Representatives informality rate was 5.05 per cent, which was a small decrease on the election before, and the Senate level of informality was 3.94 per cent, which was a small increase on the election previously. So the House of Representatives informality went down by 0.86 per cent. The Senate informality went up by 1.01 per cent. When you think about that major change that occurred at the last election, it's actually a pretty good result. We think that was largely due to the education campaign that we ran.

Senator WATERS: You said last election was the first time that deliberately informal votes exceeded accidentally informal votes.

Mr Rogers: That's what our assessment is.

Senator WATERS: Did you have a split?

Mr Rogers: I'll have to take that one on notice. I don't have that with me, but we do have those figures.

Senator WATERS: Thank you.

CHAIR: Just one final matter. I'll begin with an apology to you, Mr Pope, because I'm going to ask a question about you but not to you. I say up-front that I ask this with no agenda at all, but it will be strange if the committee didn't address this issue. Mr Rogers, Mr Pope was a witness before the royal commission in Melbourne this week. I just want to know if that raises any concerns for you and, if so, any steps that you've taken to reassure yourself that those concerns are not warranted?

Mr Rogers: May I make two comments? The first one—the most important one, obviously—is that it's a royal commission and I'm incredibly loath to make any comment about any matter that's before the royal commission. So let me package that bit first. The second bit is about Mr Pope. I have absolutely zero concerns in any way, shape or form about Mr Pope, his performance or his dedication to the task.

CHAIR: Thank you. I think that's good to have on record. Are there any further questions? If not, I thank you very much for your time and your evidence here this evening.
PRIME MINISTER AND CABINET PORTFOLIO
Workplace Gender Equality Agency

[21:00]

CHAIR: The committee will now return to the Prime Minister and Cabinet portfolio. I welcome the Hon. Senator Marise Payne, representing the Minister for Women; Ms Libby Lyons, Director of the Workplace Gender Equality Agency; and Ms Janin Bredehoeft of the agency. Minister, do you wish to make an opening statement?

Senator Payne: No, thank you.

CHAIR: Ms Lyons, do you wish to make an opening statement?

Ms Lyons: Yes. I am pleased to provide the committee with an update on the work of the agency since we last met. Since our last appearance, we have actually had a few busy months, I can say. The reporting period for the 2018-19 data collection period commenced on Monday and will continue as legislated until 31 May. As we have discussed at previous hearings, our reporting system has actually reached the end of its useful life and requires a significant amount of maintenance work to keep functioning well. In the lead-up to reporting, we've actually done a lot of testing and preparatory work to ensure that the system is as ready as possible to receive the data from our reporting organisations. Pleasingly, the project to develop the new reporting system is progressing well and on track to meet key project milestones.

On 1 March this year we released, in partnership with the Bankwest Curtin Economics Centre, our latest report in the Gender Equity Insights series. The insights uncovered by this research deepen our understanding of the trends and changes happening in our workplaces and the policies, strategies and actions that accelerate change. This latest report focused on the policies and strategies that work to promote and retain women in leadership roles. It also shows exactly how long we will need to wait before we see parity at management levels in Australia. Based on current trends, we will not see gender parity at CEO level for more than 80 years. This is far too long to wait.

However, there is more promising news from the report. Although women's progress into CEO positions remains extremely slow, the progress at other levels is far more encouraging. The Bankwest Curtin Economics report found that, at current rates, we will reach parity between men and women at the most senior levels of management—that is, key management personnel—by 2039. Whilst this is still too slow, at least it is within sight and demonstrates the importance of employer-led action in achieving meaningful change.

The findings in this report reveal that, if you change the working conditions available to all employees, the choices women can make change too. Access to employer funded paid parental leave and flexible work arrangements actually enables more women to choose to return to work and so stay in the workforce. The report once again highlights the value of the agency's dataset. The breadth and depth of data allows us to provide employers and policymakers tangible evidence about what works to improve gender equality in Australian workplaces. We're looking forward to seeing further positive results in our next data release at the end of this year.

CHAIR: Thank you, Ms Lyons. Senator Moore.
Senator MOORE: I don't have any questions. They may come to me during the period, but I don't want to lead off.

CHAIR: I imagine so. Senator Waters.

Senator WATERS: Thank you for being here once again and for all the work that you do. What were the budget implications of any decisions taken regarding your agency on Tuesday?

Ms Lyons: Just in terms of the women's economic statement that was announced previously.

Senator WATERS: So there was nothing new in Tuesday's budget for your agency?

Ms Lyons: No.

Senator WATERS: Pardon my ignorance, but what does that mean for your funding continuity? Do you have a separate appropriation or something?

Ms Lyons: We have a standard appropriation per year.

Senator WATERS: You said in your opening statement that your reporting system required a significant update. Did you mean it still does, or it did and now it has been updated?

Ms Lyons: No, it requires significant maintenance. It's at the end of its useful life as of March 2019.

Senator MOORE: So it's actually dead?

Ms Lyons: Well—

Senator WATERS: It's resting, I think Monty Python would say.

Ms Lyons: I think it's fair to say that, with the volumes of reports that we have and some of the changes that we've had to make along the way, it is running. And we work very hard to keep it running, but we are looking forward to building and implementing a new system.

Senator WATERS: Do you have the funds to do that?

Ms Lyons: We do.

Senator WATERS: When will that start?

Ms Lyons: We've started that project already. We completed the discovery phase and are about to start the design and architecture phase.

Senator WATERS: So you're juggling that whilst doing all the other things.

Ms Lyons: Yes.

Senator WATERS: I understand now. What has changed by way of outcomes for women or policy? What's new since we last spoke in February estimates?

Ms Lyons: The results that we got from the Bankwest Curtin economics report certainly have given us hard evidence and some hard data to tell us how we're actually tracking in terms of women in management. I think that's very, very positive. The other things that we've learnt from that report go to the heart of things that we have suspected for a while but now have the hard evidence for. That is around the fact that the report found that organisations that have 13-plus weeks of paid parental leave see women return to the workforce. So it encourages women to return to the workforce following that paid parental leave. We now have the evidence that proves that. I think—
Senator WATERS: How is that different from our previous understanding?

Ms Lyons: We suspected that having paid parental leave certainly supported women in returning to the workforce, but we didn't have the evidence. We now have the evidence.

Ms K Lee: It actually is a measurable impact. In the report—and we can get these views to you, if you'd like—

Senator WATERS: Yes, that would be useful.

Ms K Lee: you can measure it by the way you increase the number of weeks of employer paid parental leave.

Senator WATERS: Can you say that one more time?

Ms K Lee: You can measure the impact on women's return to work after parental leave as you provide more weeks of employer paid parental leave.

Senator WATERS: So there are higher rates of return to work the longer you give them paid parental leave?

Ms K Lee: Particularly from 13-plus weeks.

Senator WATERS: Obviously my party's policy is for it to be six months, or 26 weeks, of paid parental leave. That's a point of difference from, I think, both the other larger parties. Does the data that you've got go up to 26? I know the government one is only 18, but then we've got employer additional top-ups. For how many weeks does the dataset that you've referred to track PPL?

Ms K Lee: I think this one goes up to 18-plus—

Senator WATERS: It just says 18-plus. It doesn't granulate after that?

Ms K Lee: It doesn't granulate after that.

Senator WATERS: Okay. And what can you tell me? You have said as long as it's above 13 weeks there's an increased return to work. Is there a noticeable difference between once you get to 18-plus?

Ms K Lee: No. Between 13 and the next—

Senator WATERS: Bracket.

Ms K Lee: bracket, 18-plus, it sort of levels out.

Senator WATERS: So 13 is really the magic number.

Ms K Lee: There's a big increase from 13 weeks to below 13 weeks.

Senator WATERS: I understand, thank you. Do you do any tracking of that additional employer PPL top up weeks and what that does for return to work? Does anybody track that?

Ms Lyons: No. We would be the ones who would track that, but this is the data that we have to hand. We haven't done any further digging, That's one of the things the Bankwest Curtin Economic Centre focused on for this particular report.

Senator WATERS: That particular facet?

Ms Lyons: Yes, for that particular aspect of paid parental leave.

Senator WATERS: Is there more detail in that report on the additional employer PPL and the effects of that?
Ms Lyons: No.
Ms K Lee: Is there any information beyond retention rates?
Senator WATERS: Sorry. It has been a very long week and it's quite late in the evening, so I'm sorry if I am being confusing. What does the 1 March report address as regards PPL?
Ms K Lee: It speaks to retention of women in management. I think it also speaks to the percentage of women in leadership positions. It also goes to, beyond paid parental leave, the effect of formal flexible work policies and reporting those policies onto your board.
Senator WATERS: Oh yes, can you tell me about that?
Ms K Lee: I will just find the pages.
Senator WATERS: Was this a joint report between you and them, or was this just their report?
Ms Lyons: We've been doing this now for four years. We provide the data and we work with them and they do much of the data mining.
Senator WATERS: I see. And the analysis?
Ms Lyons: This is the fourth report.
Senator MOORE: Is that an ongoing contract?
Ms Lyons: We just renewed for another three years, so we had a three-year period.
Senator MOORE: I just remember you saying last time that you were going to.
Ms Lyons: Yes. We have just renewed.
Senator MOORE: It's another three?
Ms Lyons: We've got another three years, yes.
Ms Bredehoef: There were a couple of other things that were found. For example, the share of part-time female managers increases by 7.5 percentage points for companies that implement a policy to support more flexible working. The share of part-time female managers increases by 13.6 points where flexible work policies are reinforced by formal reporting to governing bodies. Gender pay gaps at different levels of management seniority combine to reduce the share of full-time female managers by an average of 9.9 percentage points, so that has quite the opposite effect. We can see, whether we have flexible working or parental leave policies or whether the organisation has a female chair or CEO, that all increases the return to work rate.
Ms Lyons: We'll make sure you get a copy of the report.
Senator WATERS: Thank you. And perhaps a summary version of it would also help in these busy times.
Ms Lyons: Certainly.
Senator WATERS: I was going to ask one more thing. I will move off the report after this final question. Was there anything in the report that went to whether or not sooner availability of flexible working hours in the employment relationship had any effect on any gender issue in the workplace?
Ms Lyons: No.
Ms Bredehoef: No, we do not have that data.
Senator WATERS: I suppose it's hard to study when it's not a law. I am almost finished. I want to ask whether there was any update to the figures of fathers taking paid parental leave. Last time I think, I've got a note here, 5.1 per cent of parents taking PPL were dads.

Ms Lyons: That would be based on last year's data which came out in November. No, we do not have any further update. That will come out at the end of the year.

Senator WATERS: So we'll have to wait until November this year. That's it from me for the time being. Thank you.

CHAIR: Thank you very much. If there are no further questions for WGEA, I thank you for your evidence and attendance here this evening.

[21:14]

CHAIR: I now welcome officers from the Office for Women within the Department of Prime Minister and Cabinet. Ms Bergin, do you wish to make an opening statement?

Ms Bergin: Yes, thank you, just a very short one. I acknowledge that the time is late, but I would like to just make a short opening statement.

CHAIR: Please do.

Ms Bergin: On 5 March 2019, the government announced the single largest-ever Commonwealth investment of $328 million for the prevention and frontline service support towards the Fourth Action Plan of the National Plan to Reduce Violence against Women and their Children 2010 to 2022. The Office for Women, jointly with the Department of Social Services, worked across government to deliver this whole-of-government package of measures. This package covers eight portfolios across the Commonwealth, and the Office for Women supported both the Prime Minister and the Minister for Women on this announcement.

Measures under the fourth action plan include: $68.3 million for prevention strategies to help eradicate family and domestic violence in our homes, workplaces, communities and clubs; $78.4 million to provide safe places for people impacted by domestic and family violence; $82.2 million to improve and build on frontline services to keep women and children safe; $64 million for 1800RESPECT, the national sexual assault domestic and family violence counselling service; and $35 million in support and prevention measures specifically for Aboriginal and Torres Strait Islander communities funded under the Indigenous Advancement Strategy. The measures also included $2 million for the Office for Women to support the development of strategies to prevent financial abuse.

We're also progressing an open and targeted grants round under the Women's Leadership and Development Program. The objectives of the program are to improve outcomes for Australian women in five key focus areas: women's economic security; women's workforce participation; women's leadership; women's safety; and international engagement.

Our international team has recently supported the Minister for Women in delivering a successful program at the 63rd session of the United Nations Commission on the Status of Women. Highlights of the program included the following events: Australia's eSafety Commissioner Julie Inman Grant delivering a keynote address on the role of anonymity and facilitating and perpetuating cyber abuse of women; Australia's Sex Discrimination Commissioner Kate Jenkins leading a conversation on sexual harassment in the workplace.
from a global perspective; former Sex Discrimination Commissioner Elizabeth Broderick, bringing together Male Champions of Change, to address the role of the workplace and private sector in tackling family and domestic violence together; and, as you've just heard, the Director of the Workplace Gender Equality Agency Libby Lyons, with her counterparts from the United Kingdom and Chile, briefing an international audience on gender pay gap reporting. Thank you very much for the opportunity to present this opening statement.

CHAIR: Thank you, Ms Bergin.

Senator McALLISTER: Senator Moore will be questioning for Labor, but we wrote to Dr Parkinson, just noting the truncated estimates process, and requested some detailed financial information essentially from the Office for Women. Are you able to provide that, Ms Bergin?

Ms Bergin: I believe that was lodged today—this morning.

Senator McALLISTER: You actually provided a written response to those requests?

Senator WATERS: Can we get a copy?

Ms Bergin: We should have a copy of that—I might have to find it in just a moment, but we'll endeavour to do that in the next 10 minutes.

Senator McALLISTER: Thanks. Why don't we go to Senator Moore, and the secretary may be able to assist in the meantime.

Senator MOORE: Thank you. Ms Bergin, just on that last report from the CSW, it's been the process over the last few years of having a formal written report that the minister presents on the CSW process and we've actually had follow-up meetings to discuss it. Is there an intent, because of the unfortunate timing this year, to produce such a CSW report this year?

Ms Bergin: In this instance, yes, we're planning to provide something online, not printed, this year.

Senator MOORE: Sure. Online, and soon?

Ms Bergin: Yes.

Senator MOORE: Lovely; thank you. I've got some questions around gender response of budgeting—and you would not be surprised by these questions.

Ms Bergin: No.

Senator MOORE: Can you tell us what gender impact analysis was done of income tax changes or welfare changes proposed in the budget?

Ms Bergin: Thank you very much for your question relating to that. As you'd be aware, our role means that we encourage all departments to be responsible for ensuring that policy and programs don't have any unintended consequences for segments of the population, specifically around women.

Senator MOORE: As well as, I would imagine, being positive.

Ms Bergin: Yes.

Senator MOORE: So you're looking at the whole range of impact.

Ms Bergin: The whole range, and we encourage them to look by cohort—so by age but also by intersectionality. In terms of questions on the analysis of the impact, those sorts of
issues really go to the heart of specific agencies and what they would do, because agencies themselves have access to their own administrative data and are most familiar in terms of how they would analyse that. We in the Office for Women encourage and work with our colleagues across government to support the way that they might do that. You might recall that last year we supported a range of agencies to undertake gender analysis training from the Crawford School at ANU, and that was oversubscribed. So we're certainly encouraging that for people, as they're developing their policy, to be able to understand the tools that they need to use to analyse their policy by gender.

In terms of our role, we are a small office. We look to work across government doing that. We also have a role during the budget development process in terms of visibility of expenditure proposals—all the way through—and where we are able to influence on those we certainly raise them with our minister.

**Senator MOORE:** Given the encouragement—and I notice you have answered questions before about the role—are you aware of what actual gender analysis was done, particularly in the areas of the tax changes and the welfare changes?

**Ms Bergin:** Those questions would have to be directed towards Treasury.

**Senator MOORE:** So you're telling me that you encourage—

**Ms Bergin:** Yes.

**Senator MOORE:** You have the questioning, but you're not aware of what they've done. There's no kind of interaction; you just tell them, 'You should do it,' and that's the end of your role.

**Ms Bergin:** There are some agencies with whom we work very closely and some agencies where—

**Senator MOORE:** Treasury and Social Services?

**Ms Bergin:** We do work very closely with Social Services. With Treasury, a number of the revenue measures, you would imagine, would be very tightly held, and those ones we have had discussions with them about obviously are our interest in this area.

**Senator MOORE:** My question remains: are you aware of whether any gender analysis was done on the tax measures or the social welfare changes?

**Ms Bergin:** I'm not aware, no.

**Senator MOORE:** Okay. In a previous question on notice you said that you are working hard behind the scenes, supporting and encouraging colleagues across government to analyse gender dimensions when they're developing policy. Did you encourage Treasury and DSS to look at the gender analysis impacts of these significant changes?

**Ms Bergin:** Yes, we've had discussions.

**Senator MOORE:** Did you do it verbally or in writing?

**Ms Bergin:** Verbally; we've had meetings with them.

**Senator MOORE:** So there was nothing in writing to remind them of that. I know you have longstanding relationships and all those things, but was there nothing in terms of a reminder leading into the budget cycle that this was something they ought to do?

**Ms Bergin:** There were email exchanges and ongoing meetings.
Senator MOORE: Can we get a copy of those?

Ms Bergin: I think they would go to the heart of some of the elements of the government's deliberations on government. I would have to check that.

Senator MOORE: I'm just interested; if you've already told us it's your role to encourage—and you've told us you did—why would it then be difficult to show us how you did it? I'm fascinated by your analysis that it may go to the heart of the deliberations.

Dr Baxter: I think that Ms Bergin was referring to the specific communications around the budget process, some of which may have gone to material that we would not be able to disclose. I would suggest that we could take that on notice, and that would be something we can come back to you on as a question on notice—what we're able to disclose.

Senator MOORE: But, clearly, you're saying you did encourage them—that they should do it.

Dr Baxter: I heard Ms Bergin and I'm sure that she can add stepping through some of the things that the office has done to encourage other agencies to take up gender responsive budgeting, including making training available, having meetings throughout the budget process and having exchanges of emails. So I think there have been a number of steps.

Senator MOORE: I'm interested in the steps. I'm interested in what departments the office has actually encouraged. I'm interested in how that encouragement has been done. Have you got proof that the departments have begun to do substantive analysis of gender dimensions of policies?

Dr Baxter: I suggest we could take on notice to give you some more detailed feedback about the interactions with particular departments. That might be a richer source of information as well.

Ms Bergin: Certainly, as I mentioned before, in working across government for the Women's Economic Security Statement and the Fourth Action Plan but also working across government on the Women, Peace and Security Agenda we are interacting with multiple agencies. The process of doing that is part of how we encourage that perspective to be brought forward.

Senator MOORE: But then you don't find out whether they've done it, which goes back to my first question. We've heard again that it's your role to do it and it's your role to encourage training, but you can't tell me whether they have done it or not. Is there not some kind of spot check, Ms Bergin, particularly when we're looking at the tax policies and the social welfare policies? It has been widely discussed in the media how the impact will be gendered. I would have thought that that would have been an expectation.

I remember having the same discussions in similar ways after most budgets. When you go into a budget there will be questions about the gender impact. Clearly your office has identified that that's an important role, and we agree with that. I can't get why you cannot then tell us whether this has happened. You point at the sequence of action. You have the role, you encourage people to do it and then the budget happens, but you don't know whether Treasury has looked at the tax implications. There has been so much discussion around the gender impact of the tax changes and also the social welfare changes with the same process. I just don't understand why the circle doesn't go round, why there isn't some kind of interaction that comes back to say: 'Yes, DSS has done this. This is how we've done it.'
Dr Baxter: We do really appreciate the point that you're making.

Senator MOORE: And make every year!

Dr Baxter: Yes, we understand.

Senator WATERS: The last five years at least.

Senator MOORE: Longer.

Dr Baxter: What I would add from the vantage point of the Social Policy Group more generally is that I have seen the work the Office for Women and the Social Policy Group more generally do to encourage gender analysis of various measures. We are aware of some examples where departments have done that, including examples in Treasury.

Senator MOORE: Can you tell us which they are?

Dr Baxter: We'll take on notice to set those out for you. I don't have them here with me today.

Senator MOORE: Will you tell us before the next budget? I'm not trying to be difficult. It's just that there is an element of frustration. I thought it was a quite straightforward question. You'll take it on notice. I'm really pleased because you are aware of what has happened in some departments—you have just told me that, but you can't tell me what it is and whether DSS or Treasury were two of those departments.

Dr Baxter: Yes. What I'm saying is that we're aware of examples where particular measures have been broken down with a gender analysis. I don't have those with us here today.

Ms Bergin: No, but across the health portfolio I'm aware that there has been particular focuses on disease burden and so on that fall particularly on women and how that might be addressed.

Senator McALLISTER: Previous representatives have sat in Senator Payne's chair and actually told us that it wasn't necessary for these things to take place and that it was not really government policy to do so. Are you now saying that it is government policy to do so but through a soft process of persuasion? Is that the position?

Ms Bergin: Certainly our role is to influence, yes.

Senator MOORE: In some of the questions on notice your answers have been very straightforward about influencing and encouraging. It's really good to see that. I just think from my perspective it just needs to have the circle joined up. How do you assess the impact of your encouragement or the success of your impact if you don't know exactly what they've done?

Ms Bergin: In terms of how we assess our impact, it's usually as we're going through the budget process, looking to see where departments or portfolios might come back with further analysis that shows that they've considered and looked at their data to see how that impact is landing or likely to land from a policy or program change.

Senator MOORE: But how do you do that?

Ms Bergin: When we're going through and analysing submissions, we might make a comment: 'This might be a particular area that would have a differential impact on genders.'

Senator MOORE: Is that prior to the budget?
Ms Bergin: Yes, prior to the budget.

Senator MOORE: Did you do that with tax changes or social welfare changes in this budget?

Ms Bergin: We asked for that to be done.

CHAIR: Senator Moore, this is not to cut you off, but I just note that we are due to go to Indigenous matters now, at 9.30, and I know Senator Waters will have questions here as well. So could we get through these efficiently.

Senator MOORE: Okay. I just wanted to be clear that you don't know whether the tax changes or the social welfare changes were subject to a gender analysis.

Ms Bergin: I'm not able to answer that. That would be a question for Treasury and the Department of Social Services.

Senator MOORE: No, I'm asking you whether you know if they had it, and you don't.

Ms Bergin: I don't know.

Senator MOORE: And there's nothing in the process that means that they have to tell you?

Ms Bergin: No.

Senator MOORE: Last year, the fact sheets for women provided with the budget were produced at the Treasury. Which department produced them this year?

Ms Bergin: The Department of the Prime Minister and Cabinet.

Senator MOORE: Were Treasury involved at all?

Ms Bergin: There was one of the fact sheets that related to the revenue measure that was included in those fact sheets from the Treasury.

Senator MOORE: Which revenue measure?

Ms Bergin: The tax cuts.

Senator MOORE: So, for the tax cuts, Treasury produced that?

Ms Bergin: They provided it, yes.

Senator MOORE: They produced it or they provided advice for you to produce it?

Ms Bergin: No, they produced it.

Senator MOORE: So Treasury did the one on tax and PM&C did the others?

Ms Bergin: Yes.

Senator MOORE: I want to go on to the economic statement. Do you want to stay on that?

Senator WATERS: Can I just ask a quick follow-up on your earlier tranche, just to close the loop, so to speak, on those earlier questions about gender lens budgeting. What would be required to actually force every single department to do gender lens budgeting?

Ms Bergin: That would require a change to the way information is collected and presented in the new policy proposal process.

Senator WATERS: Say that again. It would change the way the information is collected and presented?
Ms Bergin: So it would need to show how that analysis had been done.

Senator WATERS: That's not currently a requirement, is it?

Ms Bergin: No.

Senator WATERS: Would there need to be a legislative change to make that a requirement?

Ms Bergin: I don't believe so. I could check on that.

Senator WATERS: So it could just be a policy decision to apply a gender lens budgeting approach. Would you describe the women's budget impact statement that existed prior to 2014 for approximately 20-odd years as a form of gender lens budgeting?

Ms Bergin: Looking back, I think that the women's budget statements that were introduced in the mid-1980s varied in their purpose and bulk. Some of the initial ones were extremely detailed and, I think, very comprehensive. They went through every policy measure and really looked at that impact. I think there was a period when they then became more a budget communication tool around the impact for women of specific elements of policy, rather than looking at every policy.

Senator WATERS: I know the Office for Women as such didn't exist then, although perhaps you did exist prior to 2014.

Ms Bergin: Yes, we did.

Senator WATERS: Sorry, it's my poor memory.

Ms Bergin: That's all right.

Senator WATERS: Was the creation of those women's budget statements a process that you used to be involved in doing?

Ms Bergin: Yes.

Senator WATERS: Did you have additional staff to do that?

Ms Bergin: I would have to take that on notice. I don't know how big the office was at that point.

Senator WATERS: I guess the point I'm making is that I hope you're ready to start doing them again, because it's certainly something that many people at this table would like to see happen, because it's a very useful process that not only informs government about the impacts of its own decisions but also informs the public about the impact of those decisions.

Ms Bergin: Yes, it's a very powerful tool.

Senator WATERS: That's all I wanted to say. I do have other questions but, Senator Moore, you had some further ones also.

Senator MOORE: I would ask for indulgence for another five minutes, if possible. I have some questions around the economic security statement. I will put others on notice. You may have questions there as well.

CHAIR: Thank you.

Senator MOORE: Can you confirm how many of the measures that make up the government Women's economic security statement require legislation to be passed?

Ms Bergin: Yes. I might turn to Ms Livingston to answer that question.
Ms Livingston: Sorry, I was just having a conversation to get the information to Senator McAllister, that you were looking for in response to your letters, and I missed the question.

Senator MOORE: Ms Bergin reported on the economic statement, the impact of that, in her opening statement. I'm wanting to know how many of the measures that make up the government Women's economic security statement require legislation to be passed.

Ms Livingston: Eight of the 17 measures were reliant on legislation. Of those eight, two have had legislation passed by the parliament already.

Senator MOORE: Which ones are they?

Ms Livingston: One of those relates to the prevention of cross-examination of family violence victims in the Family Court. The other one relates to the career revive measure. That one is administered by the Department of Jobs and Small Business, and the legislative change was an amendment to the Financial Framework (Supplementary Powers) Regulations.

Senator MOORE: Right. And both of those have been tabled and passed?

Ms Livingston: That's correct.

Senator MOORE: Has legislation been drafted for the other—

Senator WATERS: Six.

Senator MOORE: Six, thank you. Usually, the Office for Women is on at five to 11, so this is an early night! So there are six that still have—

Ms Livingston: That's correct. Of those six, none of those measures are due to commence this financial year.

Senator MOORE: So that's 2019-20?

Ms Livingston: That's correct.

Senator MOORE: So there's no need for—

Ms Livingston: There's no need for legislation to have passed before 1 July in order for those to commence. They are due to commence either next financial year or the financial year afterwards.

Senator MOORE: Which is 2020-21.

Ms Livingston: That's correct.

Senator MOORE: So as long as that legislation is drafted and concluded in July 2019 onwards, it would meet the requirements.

Ms Livingston: That's correct. The profile of the funding was staggered to reflect the implementation requirements needed before the programs would commence.

Senator MOORE: Has your office been involved in the drafting of these amendments?

Ms Livingston: We're not normally involved in the detailed drafting of the amendments. As a division of PM&C we would expect to have some contact with line agencies towards the end of the process, including when they're preparing legislative bids, but we would not normally get into the detail of their drafting instructions.

Senator MOORE: Have you been involved with the early release of superannuation? You say that has been already passed.

Ms Livingston: Not the—
Senator MOORE: Sorry, not superannuation; the cross-examination of witnesses. Were you involved in working on that legislation?

Ms Livingston: We were certainly involved in the policy development around that legislation. We would have been involved in whatever policy approval processes were required, including from the Prime Minister. But I think I can say with confidence that we wouldn't have been involved in the detail of that drafting as yet.

Senator MOORE: That would be the owning department, of course, but in terms of the focus—if we come back.

Ms Livingston: Yes.

Senator MOORE: I've got questions about the economic disbursement of money. Has funding been disbursed for any of the 16 measures? I would imagine for the first two, yes. You mentioned they've been legislated, so that funding should have been disbursed. But have the others clearly been identified with their funding?

Ms Livingston: With the exception of two measures that sit with the Office for Women and have funding for this financial year, the rest of the measures sit with other departments. There are only a minority of measures under that statement which did have funding for this financial year, and they're at various stages of either procurement or grant arrangements.

Senator MOORE: Of the gross amount given to the package, how much has already been spent? Do you know?

Ms Livingston: The money is all fully committed, but I don't have information as to where departments are, in terms of the actual expenditure of the money.

Senator MOORE: Is the expectation that you would know that? Or would you have to go to every department to ask about that?

Ms Livingston: We would have to go to every department to get that information.

Senator MOORE: And there's no particular money from your office that you are responsible for spending and allocating?

Ms Livingston: We have two measures with funding this financial year. One relates to the Future Female Entrepreneurs program.

Senator MOORE: Yes.

Ms Livingston: We will this week execute a grant agreement for that program. The other funding relates to the Reducing Barriers to Work Forum. There's sufficient funding to have two forums by the end of next financial year.

Senator MOORE: So, that money has been allocated but naturally not spent.

Ms Livingston: It's committed but not spent.

Senator MOORE: Of the two measures that have been passed, are you aware of whether funding has actually been spent yet? You're not; it would be the individual departments, which would be Attorney's and—I can't remember, but it would have been other departments. And in terms of the expected start date of each measure, that would have to go back to the responsible departments? That's something you don't control?

Ms Livingston: I've got some information, which I'm happy to go through with you, in terms of where—
Senator MOORE: I genuinely don't believe we have the time. Can we put that on notice?

Ms Livingston: Yes. There is some information that we provided on notice after the last estimates.

Senator MOORE: If you could give us everything you have that would be real—no, I'm not serious! It was worth a shot! Give us the folder! Could you just provide what information you have around the economic security package to us, in terms of funding, allocation and the matters that the Office for Women has on record?

Ms Livingston: Yes, certainly. I guess I'd just draw your attention to the responses to questions on notice from last estimates—

Senator MOORE: Yes, we got some.

Ms Livingston: We provided information about where agencies are in terms of their procurement and grant arrangements. The response to Senator McAllister's question also includes an implementation update as well as implementation risks. So, we're just in the process of getting that information.

Senator McALLISTER: Thank you. That would be good.

Senator MOORE: I have one last question. It's about the first Reducing Barriers to Work Forum in the current financial year. Has that happened?

Ms Livingston: I think when we met last time we were considering a forum in March.

Senator MOORE: Yes.

Ms Livingston: However, we did have to postpone because of the minister's attendance at the UN Commission on the Status of Women, and also a number of stakeholders who were important to that forum were at the same meeting.

Senator MOORE: So, because of that, the timing changed then. It was supposed to be this financial year. We would expect that it would be unable to be had in the next period. So, basically this forum may not happen this year?

Ms Livingston: At this stage we're working with the minister's office to determine an alternative date, but it would be very tight to have it this financial year.

Senator MOORE: When will we know that? When will we know about the date? Are you working with the current minister to determine a date? And that is difficult, as we know, with this process.

Ms Livingston: We think it's more likely later in the year.

Senator MOORE: Okay. And there'll be other questions on notice. And thank you for the data that you tabled this morning and that we received later.

Senator WATERS: Last time we were here I asked whether or not the Prime Minister had sought to meet with the Office for Women, given that at the time he was still a newish Prime Minister; it's been more than six months now. Has the Prime Minister finally met with the Office for Women?

Ms Bergin: No. It's probably not standard practice. As far as we can understand, it hasn't been a practice for prime ministers to meet with the Office for Women, and that hasn't happened. As I said last time I think, we work very closely with the women's adviser in the Prime Minister's office, and we have a good relationship with that adviser.
Senator WATERS: So, the Office for Women, which sits in the Prime Minister's department, doesn't get to meet with the Prime Minister in the usual course of things. Is that what you've just said?

Ms Bergin: That's correct.

Senator WATERS: Has the Office for Women ever got to meet with any of the prime ministers while they've been in office?

Ms Bergin: Not as far as we can ascertain.

Senator WATERS: Not even the female ones?

Ms Bergin: It may have happened, but there's not a record of that.

Senator WATERS: Okay. You'd better hope they're a good adviser, then! How about the Treasurer? Did you meet with the Treasurer ahead of the budget.

Ms Bergin: No, we did not.

Senator WATERS: Are there any ministerial contacts that the Office for Women gets to have directly?

Ms Bergin: We have contact with the minister for social services and we have also worked with the minister for jobs—who's obviously our own minister—in her portfolio capacity. I think there are a range of other ministers. I'm just trying to think who else we've worked with. I will take that on notice. But certainly we work very closely with the minister for social services.

Senator WATERS: Pardon my ignorance of machinery-of-government stuff, but why does the office sit within the Prime Minister and Cabinet if you don't ever get to meet with them and you report to a different minister?

Ms Bergin: Because we're able then to work across government, and really it's the convening power of the Department of the Prime Minister and Cabinet to bring and convene a number of IDCs, particularly around issues such as the Women's Economic Security Package and the Fourth Action Plan, making those packages truly whole-of-government. In the Prime Minister's portfolio, we're able to have that kind of convening power to really draw those agencies into the tent.

Senator WATERS: But you don't have the power to make them think about gender issues when they're doing their budget?

Ms Bergin: We influence.

Senator WATERS: You encourage, yes. I have one specific question. Hopefully the detail that you've now provided about the $328 million will perhaps answer some of my questions, but I did want to ask in particular—you mentioned in your opening statement $82.8 million for frontline services for family and domestic violence. What's the modelling to come up with that figure, and what level of need is that amount? What will that address?

Ms Bergin: I'll pass to Esther Bogaart, who's the branch manager responsible there.

Ms Bogaart: The $82.2 million for the frontline services component includes investments to improve and build upon systems responsible for keeping women and children safe, such as training healthcare workers to identify and better support victims and addressing critical gaps in evidence and data. So it's a range of—
Senator WATERS: Sorry, training and data gathering?

Ms Bogaart: They're some of the examples of what is included in that amount. Of the $82.2 million figure, there are a range of programs and activities within the Department of Social Services portfolio. There are also activities in the eSafety office, for example technology-facilitated-abuse resources for women with an intellectual disability. There is a measure from the Attorney-General's Department for improved information sharing between the federal family law and state family violence systems, and there are measures within the Health portfolio, such as the Recognise, Respond, Refer pilot and national training for primary care workforce. So it's a combination of a range of measures going towards supporting frontline services.

Senator WATERS: I guess I maybe think of something different when I think of frontline services. I thought it was actually people on the front line providing services to survivors of family and domestic violence, but it sounds more like it's administrative stuff. Training, data sharing—I'm sure that's all useful, but women and children are being turned away because there are not enough beds in refuges, and they can't get the legal advice they need, because legal services are underfunded. Is there any money going to actual frontline services in the package?

Ms Bogaart: There is. There's funding to expand the specialised family violence services that are administered by the Department of Social Services.

Senator WATERS: How much? Which figure does that sit in in the summary that you provided at the start?

Ms Bogaart: That's sitting in the $82.2 million.

Senator WATERS: How much of the $82.2 million?

Ms Bogaart: It's $10.03 million over the three years of the action plan.

Senator WATERS: And that was for legal services?

Ms Bogaart: No. That's for specialised family violence services.

Senator WATERS: What does that mean?

Ms Bogaart: The detail of those services is best answered by the Department of Social Services, which will administer that program, but I can give you some information. The specialised family violence services deliver a whole-of-family approach to support those affected by family violence, including children. So they use a flexible approach that may include but is not limited to: individual or couple broad based counselling and dispute resolution, education for individuals who are violent or abusive, support for individuals who are affected by family violence, support for children who witness family violence and community based prevention programs. They're currently delivered by 23 organisations across 90 outlets, and this funding will expand those services to an additional 16 sites.

Senator WATERS: Okay. So counselling and education support are in fact vital. You probably won't get any argument from anyone on that. Perhaps I just have a fundamentally different definition of front-line services—it's emergency front-line support for survivors.

Ms Bogaart: Yes.

Senator WATERS: That sounds a bit more like prevention, and I thought there was a separate category for prevention.
Senator Payne: In the material that is published, as far as I can see from the—

Senator Waters: That's just been provided?

Senator Payne: No, it was publicly published on Tuesday night, I presume. I can see under the heading 'women, safety and security' that it sets out the breakdown of the $328 million Australian government contribution to the Fourth Action Plan, which includes $68.3 million for prevention strategies.

Senator Waters: Yes, that's what I'm asking about—sorry to butt in.

Senator Payne: But the official's not going to that. I'm trying to point out to you, if I may, that there is $78.4 million to provide safe places, which I presume is part of the sort of response that you are focused on in your questions. Further to that $68.3 million and that $78.4 million, the $82.2 million that you've just been discussing is about improving and building on our front-line services which are keeping women and children safe. It is for ensuring that those on the front line, from what the official was saying, are trained and have the data they need to do the job that they're doing. But before that, in that list of investment areas are two distinct references to over $68 million for prevention strategies to help eradicate domestic and family violence and $78.4 million about the provision of safe places for people impacted by domestic and family violence. Further down that list is a $64 million contribution to 1800RESPECT—our national sexual assault, domestic and family violence counselling service—which I know this committee and many of us in the parliament have been engaged with and interested in for a very long time. And then beyond that there is a further $35 million in terms of support and prevention strategies for Aboriginal and Torres Strait Islander communities. All of those components go towards the $328 million contribution to this Fourth Action Plan.

Senator Waters: Thank you. And Ms Bergin did a lovely job in outlining that in her opening statement as well, so that's really nice and clear. What I was going to is what sits within those categories, and I assumed that front-line services included front-line services, but in fact it included some of the prevention, which I had thought would fit in the prevention category. Since you've raised the safe places category, the $78.4 million, I'll ask the same question that I asked earlier and would still like an answer to: what is the modelling behind what that can deliver? How many people can we actually help and ideally provide a safe place for with that money?

Ms Bogaart: Again, the detail of this one would have to go to the Department of Social Services, but I do have some of the modelling with me. The modelling anticipates that this program will build up to 450 safe places and assist up to 6,500 people per year.

Senator Waters: Where are those places located?

Ms Bogaart: They're yet to be determined. A grants program will be run for the development of that.

Senator Waters: So that's a new build, is it?

Ms Bogaart: Yes.

Senator Waters: Are they in existing community services? Are they private facilities? Are they government facilities? What's the nature of the commitment?
Ms Bogaart: That level of detail will need to be asked of the Department of Social Services. They will administer those.

Senator Waters: Thank you. I will take that up with them. Given the generosity of the chair, I might put my other questions on notice because I suspect I might need to ask DSS those also.

Chair: Thank you. If there are no further questions for the Office for Women, I thank you very much for your attendance and your evidence tonight. We won't take the full break but we might just suspend for a couple of minutes while the minister arrives and if anyone needs to tend to any business.
CROSS-PORTFOLIO INDIGENOUS MATTERS

In Attendance

Senator Scullion, Minister for Indigenous Affairs

Department of the Prime Minister and Cabinet

Outcome 2

Overview

Mr Ray Griggs AO, CSC, Associate Secretary Indigenous Affairs
Professor Ian Anderson, Deputy Secretary, Indigenous Affairs

Community and Economic Development

Ms Deborah Lewis, First Assistant Secretary, Community and Economic Development Division
Mr Paul Denny, Assistant Secretary, Community and Economic Development Operations Branch
Ms Chloe Bird, Assistant Secretary, Community and Economic Development Strategy Branch
Mr Craig Dunkled, Acting Assistant Secretary, Business and Economic Policy Branch
Ms Carmel Saunders, Acting Assistant Secretary, Business and Economic Policy Branch

Education, Community Safety and Health

Mr Blair Exell, First Assistant Secretary, Education, Community Safety and Health Division
Mr Peter Arnaudo, Assistant Secretary, Health and Wellbeing Branch
Mr Patrick Burford, Assistant Secretary, Education and Youth Policy Branch
Ms Carita Davis, Assistant Secretary, School Readiness and Family Engagement Branch.
Ms Kirsty Van Der Steen, Assistant Secretary, Community Safety

Housing, Land and Culture

Mr Ryan Bulman, First Assistant Secretary, Housing, Land and Culture Division
Ms Jane Christie, Assistant Secretary, Housing Branch
Ms Jessica Del Rio, Assistant Secretary, Culture Branch
Mr Wayne Beswick, Assistant Secretary, Land Branch

Legal, Employment, Environment and Evaluation Division

Mr Troy Sloan, First Assistant Secretary, Legal, Employment, Environment and Evaluation Division
Mr Shane Johnson, Assistant Secretary, Policy, Analysis and Evaluation Branch
Mr Kym Lockley, Acting Assistant Secretary, Legal Services Branch
Ms Sarah Clough, Assistant Secretary, Employment Branch
Ms Toni Williams, Assistant Secretary, Environment Branch

PM&C Regional Network
Ms Anne-Marie Roberts, National Director, Regional Network Division

Programme Office
Ms Jennifer Collard, First Assistant Secretary, Programme Office Division
Mr Andrew Huey, Acting Assistant Secretary, Grant Design Branch
Ms Anne-Marie Lynch, Acting Assistant Secretary, Establish and Manage Branch
Ms Cha Jordanoski, Assistant Secretary, Grant Performance, Assurance and Compliance
Dr John Walker, Assistant Secretary, Select, Support and Report Branch

Recognition, Policy and Empowered Communities and Closing the Gap
Mr Jamie Fox, First Assistant Secretary, Recognition, Policy and Empowered Communities and Closing the Gap Division
Ms Jo Da Rocha, Assistant Secretary, Recognition and Reform Branch
Ms Danielle Donegan, Assistant Secretary, Closing the Gap and Evidence
Mr Robert Ryan, Assistant Secretary, Empowered Communities Branch
Ms Rachel O’Connor, Assistant Secretary, Strategic Policy Branch
Mr Sam Jeffries, Special Advisor, Closing the Gap Delivery and Engagement/ Regional Governance
Ms Tarja Saastamoinen, Assistant Secretary, Strategic Issues Branch
Ms Clare Sharp, Assistant Secretary, Strategic Issues Branch

Insurance Australia Group Reform Unit
Ms Letitia Hope, First Assistant Secretary, Insurance Australia Group Reform Unit
Ms Wendy Ah Chin, Assistant Secretary

Governance
Ms Charlotte Tressler, First Assistant Secretary, Corporate Division

Office of the Registrar of Indigenous Corporations
Mr Selwyn Button, Registrar of the Office of Indigenous Corporations

Department of Health
Ms Caroline Edwards, Deputy Secretary, Health System Policy and Primary Care Group
Mr Mark Roddam, First Assistant Secretary, Indigenous Health Division

Office of the Registrar of Indigenous Corporations

[21:58]

CHAIR: The committee will now resume and we will turn to our examination of Cross-Portfolio Indigenous Matters. I welcome the Minister for Indigenous Affairs, Senator the Hon. Nigel Scullion; Mr Ray Griggs AO, CSC, Associate Secretary, Indigenous Affairs; in due course, Professor Ian Anderson, Deputy Secretary, Indigenous Affairs, the Department of the Prime Minister and Cabinet; and Mr Selwyn Button, Registrar of the Office of Indigenous Corporations. Minister, we don't know—this may be your last appearance before estimates; we may yet have one more go with you.

Senator Scullion: We live in hope.
CHAIR: Indeed, we all do! If it is the last estimates, can I place on the record the committee's gratitude for all of your work in this area and your cooperation with the committee over many years.

Senator Scullion: Thank you.

CHAIR: Do you wish to make an opening statement, Minister?

Senator Scullion: I was just going to go through some of the coalition's achievements—it'll probably take around 45 minutes! No, I don't have an opening statement.

CHAIR: Mr Griggs, do you have an opening statement?

Mr Griggs: I have only a very brief one in the next section, if that's all right.

CHAIR: Of course. Mr Button, do you wish to make an opening statement?

Mr Button: No, I don't have an opening statement, thank you, Chair.

Senator DODSON: My questions are to the registrar, Mr Button. I notice that on 20 March you had a workshop with stakeholders in relation to the legislation and the stakeholders indicated that they would consider supporting the bill that's been subject to the removal of some provisions. What process is there now to deal with their concerns?

Mr Button: Post my last visit here with the estimates committee there was a process that we had given an undertaking to work through, and that was to go back and talk directly to the stakeholders who had provided some dissenting views in relation to the CATSI Act amendment bill that was before the Senate. We had individual consultations with those groups. Those groups include NACCHO, the National Aboriginal Community Controlled Health Organisation; the National Native Title Council, NNTC; the Cape York Land Council; APONT, the Aboriginal Peak Organisations Northern Territory; and the Australian Law Council—the Indigenous reference group of the Australian Law Council. We had individual conversations with each of these groups. I met face-to-face with a couple of the groups, where I could. We worked through individually—in the interim individually—some of the issues that they had provided for dissenting views to the changes to the act. The view was then to bring that to a workshop on 20 March. We held that workshop on 20 March, here in Canberra. Not all were able to attend, but at least were able to provide an avenue for all of those groups to feed into the consultation process. From that 20 March workshop we then compiled a report, post to the workshop, that we then provided back to the committee to outline essentially what we were proposing in terms of changes to ensure that we were consultative with each one of the groups, as well as meeting the needs of what we could do to pass the legislation—the amendments—through the Senate and the House. That report was tabled with the Senate committee on 27 March. Unfortunately, it wasn't able to get through and be part of the list of legislation to be passed. But through the feedback process of preparing the report, providing that report back to each one of the groups that were involved, for their feedback, and then compiling a final report that we then provided back to the Senate committee, we were able to land in a position where we had all of the stakeholders agreeing on the changes. Some of those changes were different to those that were originally proposed, but at least we were able to remove those from the amendment—from the act itself—to present back to parliament, that we were hoping to get some safe passage as noncontroversial at that time.

Senator DODSON: Is there a planned more-comprehensive review of the act?
Mr Button: There were two commitments that we had given to the group throughout the process, and those two commitments we will still continue certainly into the future—from our perspective, I have given an undertaking with those stakeholder groups to go back and work with them. One of those was around the review of the CATSI Act as a special measure under the Racial Discrimination Act. Given that the CATSI Act is essentially classified as a special measure, and even though through the Senate committee process when the bill was originally introduced it was referred off to the Human Rights Committee, and the Human Rights Committee of the Senate provided advice to say that they did not see any issues in relation to it still continuing as a special measure, we still wanted to have the conversation with the group about what that looks like. What we have given an undertaking to do with the stakeholder group is to look at a review of the act as a special measure under the Racial Discrimination Act. In my dealings with corporations and groups, and in my visits around the country, we are still hearing some of that old vernacular in relation to it being a discriminatory act, but we certainly want to make sure that we can articulate fully to many of the groups, corporations and communities that interact with it on a regular basis what the benefits of the CATSI Act are: why is it beneficial legislation and how does it actually support our mob and our corporations to improve outcomes and to provide essential services in community?

Senator DODSON: Can you clarify when this is going to take place?

Mr Button: We will commence the process in the not-too-distant future. Once we are getting through an election process and once parliament resumes we will then bring something back to the relevant minister at the time to provide a snapshot of the process that we will undertake to look at the review, and to work with stakeholder groups around that review.

Senator DODSON: So, within the next three months or so?

Mr Button: Yes. We will commence the process within the next three months.

Senator DODSON: These questions you may or may not have knowledge of—I’m not sure. In the last week or so I met with the Goldfields Land and Sea Council. I understand that their funding is to be discontinued, or has been discontinued. Do you know anything of this?

Mr Button: It is not something that is in ORIC, because we are not actually a funder of the corporation. It is not a decision that we would have been a part of. I am aware of it, but it is not something that we been involved in the conversations on.

Senator DODSON: You haven't been in the decision to analyse its competence or otherwise?

Mr Button: No.

Senator DODSON: Mr Griggs, could you help me with that?

Mr Griggs: Can we deal with that in the next section? We have an officer who can talk to that issue.

Senator DODSON: I am not sure when the next session is going to be.

CHAIR: Just when we finish with ORIC, that's all.

Senator DODSON: Okay. Just to be clear, ORIC had no involvement in the review, the analysis, of the competencies of the Goldfields Land and Sea Council?
Mr Button: No, ORIC was not involved in that.

Senator DODSON: Thank you.

Senator SIEWERT: In terms of the follow-up process and those matters that you took on board to progress further, are you continuing those discussions during caretaker mode? Are you able to or will you be pursuing further consultation with stakeholders around those matters and getting that process underway that you said you would undertake?

Mr Button: We have started those conversations and we will continue those conversations. The second part of that conversation and the review process we have committed to doing is not just the review of the CATSI Act as a special measure. The secondary component is then to look at the specifics in relation to native title, and specifically PBCs, given that it is compulsory for prescribed body corporates to be registered under the CATSI Act. We have given an undertaking to look at the provisions within the CATSI Act that may better deal with prescribed body corporates into the future, and what are the native title benefits that the regulator can play in supporting those things for communities.

Senator SIEWERT: How long do you expect those two processes will take?

Mr Button: I'm hopeful that we can undertake those processes and get them done within the next six to 12 months so that we can then bring something back to the committee to give the committee some good oversight in terms of recommendations for where we go next.

Senator SIEWERT: So you still see the process as occurring in two parts—dealing with those amendments for which you now have agreement. I presume we all got a letter, because I did get a letter saying what people agreed to and what they hadn't. So, you would go with what is agreed now—and then continue other processes. Is that correct?

Mr Button: Yes.

Senator SIEWERT: So, it is still a two-part process?

Mr Button: It is still a two-part process. What we have now—the good part about it now is that we have some agreement on the changes that were being recommended prior, so we can use those and we can build upon those with the next piece of work.

CHAIR: I have some questions about the CATSI bill, which have partially been addressed by Senator Dodson's and Senator Siewert's questions. Just to quickly come back up to speed: some Indigenous organisations raised concerns at the previous draft of the bill; a process of consultation has since occurred. How would you summarise the position of those organisations on the bill today?

Mr Button: Those organisations have since provided advice back. Not all organisations have provided written advice, but certainly all organisations that are part of the process have provided verbal advice back to indicate that they were satisfied with the final bill that was put together with the final draft, and the report that was put together—that they would be happy for those amendments to go forward.

CHAIR: To your knowledge at least there are no remaining concerns with the bill, as it stands today, from those organisations that have been through the consultation process?

Mr Button: That's correct.

CHAIR: So they wouldn't have any objection to it being passed, presumably?
Mr Button: No, not to my knowledge, and certainly not in the indications that we've been given as well.

CHAIR: Just refresh the memory of the committee: what are the new powers that you would gain from the passage of this bill?

Mr Button: Some of the new powers that we would gain—and looking at those things where there were, I guess, some dissenting views, which we've now compromised on in the sense of removing them—are looking at rule books and the replaceable rules within the constitutions, and the rule books of full corporations, to ensure that all replaceable rules are included. Then it is how we can work through administratively to ensure that those things make sense for all corporations. It's not a matter of having some rules in and some rules out; they'll all go in and then we'll work through that with corporations.

There is the ability to have joint ventures in terms of modernising business structures. At the moment we have the situation where many of the native title bodies which we have that are registered under the CATSI Act have to establish separate enterprise and joint ventures under ASIC, under the Corporations Act, to enable them to work with other companies—certainly in the sense of working with mining companies and others. That would be an additional power as part of the process.

It's also around membership, in relation to looking at the member's register and the protection of information—particularly for vulnerable people and those who are domestic violence victims. There has been agreement around those sorts of things going forward. There has been agreement in relation to related-party transactions. That enables some of those things to occur in remote communities, where there are limited numbers of suppliers. At the moment there is a restriction on that; it has to go to a full members vote. We've suggested that we can reduce that now to a certain threshold amount per annum, and that enables local contracting to occur and for local businesses to be employed to do the work.

There is also ensuring that special administration is an avenue to be pursued. And there is the voluntary deregistration process and some other minor technical amendments, as well as the minor regulatory process in terms of prosecutions and reducing the amount of time from an ORIC perspective that we would then look at pursuing people through the court process. That would enable ORIC, when it is appropriate and when there are some compliance issues, to issue fines as opposed to going through a court process, which is lengthy and certainly costs. It does take some time to go through a court process. It's those things that we would look at reducing.

So it's trying to reduce the amount of administrative burden, not just on ORIC but also on small corporations across the country.

CHAIR: It's quite a substantial amount of change, that summary there. What are your concerns about your ability to continue to do your role effectively without the passage of this bill?

Mr Button: We've done an extensive consultation process. This consultation process—and certainly the original review—started in 2016. So we've actually gone out to many of the corporations and spoken to many people in many communities, and had conversations about what the required changes are that they think are necessary to better engage and have a better relationship between a regulator, the corporations and the members themselves. Many of the
suggestions that we've put into the amendment bill and which we've taken forward have come directly from members themselves.

These haven't been things that have been drafted up in a back room somewhere, essentially. This is about a conversation that's been going on for a few years. We've got to a landing point where we're comfortable enough in going forward, that it can actually build a better relationship between the regulator and the members. Certainly, that's where we want to go but it's going to take a bit of time to get there now.

CHAIR: Are you hampered in the conduct of your role in any way by the failure of this bill to pass so far?

Mr Button: What will continue at this point? There are two things that will certainly be restrictions for us. One is around the joint venture process in relation to native title bodies. That's going to be a significant restriction that we wanted to tidy up through this arrangement. The related-party transactions, particularly for those corporations in remote communities, are going to be a significant ongoing restriction, where it has to go to a full members vote about contracting services locally. The amount of money doesn't matter. Even if it's only for $500, where there are related-party transactions it actually has to go to a full members vote for those things to occur—and in many remote communities there are always going to be related-party transactions.

The third one is really about the administrative burden upon the court process through minor regulatory prosecutions. When we're issuing compliance notices, those compliance notices then have to go through the Commonwealth DPP in order to go to court to then take action against corporations. It would be a much lesser impact and a lot easier conversation to have if we issued a fine. Once we issue a fine, we can then actually have the conversation. Issuing a fine will trigger a discussion between the regulator and the corporation. By issuing a fine we can actually pull the fine as opposed to going down a court process. It's a lot harder to stop a court process once it's started.

CHAIR: Thank you, Mr Button. A question for you, Minister. Yesterday in the Senate a whole series of bills were able to be passed with the agreement of the opposition in an expedited way, given the short time frame. Do you have any knowledge as to why this bill wasn't able to be included in that package?

Senator Scullion: Well, it's very difficult sometimes to have oversight of the workings of those opposite. That's not a criticism. I know that it was a very important bill for us to get through. It's my understanding that there are no more objections; it is, in fact, agreed to. Certainly that's my understanding, given to me through Senator Dodson's office. Irrespective of who's returned to the Treasury benches after the election, it should now go through. So no, I can't throw any insight onto exactly why it wasn't able to be passed, given it had T status. Unfortunately, I'm not able to add anything to that.

CHAIR: Okay. Well, hopefully, there are no further delays. As there are no further questions for ORIC, I thank you for your attendance and your evidence here this evening. We'll now move to the Department of the Prime Minister and Cabinet.

Department of the Prime Minister and Cabinet

[22:16]
CHAIR: We're on outcome 2. Mr Griggs, you indicated that you might have an opening statement at this point?

Mr Griggs: Just a very brief one, Chair. In the event that we're not back next week, I would not have liked to have missed the opportunity to simply acknowledge the contribution of Minister Scullion over the last 5½ years in the Indigenous affairs portfolio. I do this on behalf of the staff of the Indigenous affairs group in PM&C, the broader department and the PM&C Indigenous related portfolio bodies who have worked with him over that time. While many things can be debated and argued in this place, one thing that's hard to argue with is the minister's exceptional drive and energy, and his absolute commitment to his portfolio commitments. I personally have appreciated his support in the six months that I've been in the role, and we collectively wish him well in the next part of his journey.

Senator Scullion: Thank you.

CHAIR: Thank you, Mr Griggs. I don't think I have any disagreement there. Who's seeking the call for outcome 2 for Department of the Prime Minister and Cabinet?

Senator Dodson: I'm seeking the call in relation to budget announcements.

CHAIR: This is the appropriate place to ask them, Senator Dodson.

Senator Dodson: Thank you, Chair. Minister, I'm a bit perplexed in relation to the Indigenous voice. In October the Prime Minister said, 'This is a third chamber; there's no way in the world it's getting to get any legs, whichever way it gets dressed up,' or words to that effect. And you yourself, in response to my comments about the Prime Minister at the time, Mr Turnbull—who rejected the Uluru statement as a 'kick in the guts' and had other things to say about the panel that reported—said that this was 'never going to fly'. In the budget, we see an allocation of $7.3 million for co-design options for a voice to the parliament. Can you clarify what it is that the government's doing here? Has the Prime Minister changed his view? Have you changed your view? Has the party changed its view?

Senator Scullion: I'm delighted to help you, Senator.

Senator Dodson: I'm very delighted that you will!

Senator Scullion: This investment is actually consistent with the recommendations of your committee.

Senator Dodson: Great.

Senator Scullion: And yes, it is, as you described, the co-design process. We've come a long way from thinking that the voice is something that has to be bound in the Constitution. As you would know, there are so many models now. Your own party, for example, said that it's your intention to legislate for a voice on coming to the Treasury benches, if that's what happens. So there are a number of issues—

Senator Dodson: We've also said that we'd pursue a referendum. We can walk and chew gum; we've said we'll do both.

Senator Scullion: There's an important distinction—

Senator Dodson: We've said we'd do both: pursue the referendum and legislate. We're not just doing one thing.
Senator Scullion: We've allocated funds, which is consistent with the recommendations of your committee. I'm just cautioning you on conflating opposition to a failed referendum and how that would set us back so far in terms of—

Senator DODSON: I'm not conflating that. I want to know what your attitude is.

CHAIR: I think the Minister is coming to that.

Senator Scullion: We've invested and we know that people are going to have to be into the co-design process, and that's certainly the hallmark of this government's engagement. That co-design process needs to be funded. Where that co-design process goes we're not here to dictate that. We've said right from the outset that this consultation process needs to run and that's exactly why we've put this in the budget. We do need to co-design this process. We need find out everything from where some of the fundamental challenges lie about where people see themselves as represented in a particular spatial area, how big that's going to be, and where those boundaries might be. Because all of those were matters that were mentioned in your report, Senator.

It is also worth noting that until someone actually defines what a voice to parliament actually is, our belief is that we don't believe Australia will support it unless it has some detail around that. That's consistent with the current and former social justice ministers, commissioners June Oscar, Mick Gooda and Tom Calma. We're not going to commit to a referendum that isn't going to be successful and put back the cause of reconciliation.

This budget measure simply means we've funded the recommendation of your committee to do the work that is required in partnership with Aboriginal and Torres Strait Islander people to develop options for local and regional decision-making and a voice to parliament.

Senator DODSON: So it's only in relation to local and regional?

Senator Scullion: No. It's as I've said. People can have an input into this. We're going to have to co-design what that is. We have indicated we don't think Australia is ready.

Senator DODSON: I understand that. What I'm trying to get clear is co-design also relates to the proposition that may or may not be adopted for the constitutional entrenchment of the voice. So you've always been committed to that process?

Senator Scullion: What I am committed to is finding out exactly what Aboriginal and Torres Strait Islander people want—

Senator DODSON: I think most people are trying to do that, but I'm asking you a specific question—

Senator Scullion: We have always been committed to a process of funding and following the process of co-design so we can get to a place. And if it's a fact that we need to go and take that to a constitutional referendum, I for one have said that if it has a likelihood of passing then that's something we should consider. But it's not something we should just say, 'We are going to do this anyway.' I understand that your side of politics, should you be elected to the Treasury benches—heaven forbid—you'll be going through that process, and you've locked yourself in. You're going to have a constitutional referendum on the voice to parliament whether Australia accepts it or not. We have a far more sophisticated approach, with the greatest of respect, Senator—

Senator DODSON: That's a matter of opinion—

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE
Senator Scullion: We've funded it. We've not just said, 'We're doing this.' We have funded this pathway to ensure engagement—

Senator DODSON: You have not said you are prepared to fund the process in relation to a referendum. What you're funding in the budget, it says, 'is for the co-design of options for a voice to the parliament.' It doesn't say anything about a referendum.

Senator Scullion: No, it doesn't—

Senator DODSON: That's what people have asked for.

Senator Scullion: It doesn't say you possibly can't use these consultations at the end of the day. It doesn't say what you can't do with this. This is an engagement process.

Senator DODSON: I'm trying to figure out where the political commitment is to what the people have asked, that is a voice to be entrenched in the Constitution—

Senator Scullion: Let's not get ahead of ourselves—

Senator DODSON: You're saying you can wander around for the next 50 years and do nothing.

Senator Scullion: Let's not get ahead of ourselves—

Senator DODSON: I'm not getting ahead of myself. I want to know what your position is—

Senator Scullion: What this does is put in place is a consultation process that identifies what people want all the way down from those spatial regions you mentioned in your report. Your report made some recommendations that we need to do more work so we can actually understand what this voice means. I think that's a good thing—

Senator DODSON: You think it's a good thing now do you—

Senator Scullion: because when we understand better what this voice means, that Australia understands the detail of that voice, there's more likelihood for some support and even understanding of that. That was a recommendation of your committee. The budget line item, $7.3 million, is simply to honour that recommendation.

Senator DODSON: What's made you change your mind?

Senator Scullion: I don't accept the premise of your question, that I or anyone else has changed their mind.

Senator DODSON: Where is the headline statement saying, 'The coalition is now in support of the propositions that have come from the Uluru statement'? It doesn't exist.

Senator Scullion: No, Senator.

Senator DODSON: Point me in the direction of where that statement is, that you are committed to what has come from the Uluru statement, and I'll apologise to you, Minister.

Senator Scullion: You don't have to apologise. You haven't offended me at all, Senator.

Senator DODSON: I'm glad of that.

Senator Scullion: The premise that you're putting forward is, somehow, that we should support the Uluru statement. Let me tell you, Senator: you know my view about that. I think the Uluru statement was so lacking in detail that no-one could support it, and most Australians agree with me.
**Senator DODSON:** Is that right?

**Senator Scullion:** That's the problem. This process is to actually put some meat on the bones so we can all understand what that is.

**Senator DODSON:** All I'm trying to get clear is—

**Senator Scullion:** It's more than poetry. That's what was asked for.

**Senator DODSON:** I understand what you're saying. All I'm trying to get clear is: is there a commitment by your side of politics to the referendum process to entrench The Voice in the Constitution?

**Senator Scullion:** No, there isn't, because we don't understand what the proposal is.

**Senator DODSON:** No there isn't—that's fine.

**Senator Scullion:** We don't even understand what the proposal is.

**Senator DODSON:** I'm happy with that. You've got no commitment to the referendum process.

**Senator Scullion:** A referendum for what, Senator? What is the proposal, Senator?

**Senator DODSON:** To entrench The Voice in the Constitution.

**Senator Scullion:** The Voice? That's five letters. It's got to be a bit better than that, mate. That's the challenge.

**Senator DODSON:** Of course it has to be.

**Senator Scullion:** That's why we have to invest $7.3 million, to actually talk to Aboriginal and Torres Strait Islanders to see what their view is, beyond just the symbolism of—

**Senator DODSON:** I thought they gave us their view. Their view was: 'We want The Voice entrenched in the Constitution.'

**Senator Scullion:** How does The Voice work? Who gets elected to The Voice, Senator?

**Senator DODSON:** I presume men and women of the First Nations.

**Senator Scullion:** How does that work, Senator? If you've got all the answers, we should stop investing. Perhaps you've already got the answers and you've talked to everyone already. We actually believe in transparent processes.

**Senator DODSON:** You can try your argument, but it's not going to work, Minister. I'm just trying to get clear: what is the position of your government? We've had contrary views. The Prime Minister's on the record saying, 'This is a third chamber, whichever way you dress it up.' He said that back in October, I think. And you've said, 'This is a waste of space, basically.' There's nothing in the budget. It's already been committed somewhere. I'm not sure where from. There's $7.3 million. You're saying to me you're not committed to the outcome being an entrenchment of The Voice in the Constitution. That's what you're saying to me.

**Senator Scullion:** You don't need to verbal me, Senator. I've been here a while.

**Senator DODSON:** I'm not verballing you. You're doing it yourself.

**Senator Scullion:** I'll tell you exactly what I'm saying to you.

**Senator DODSON:** You are doing it yourself.

**Senator Scullion:** Your committee made a recommendation. Can I just tell you what the recommendation—
Senator DODSON: It wasn't just my committee.

CHAIR: Senator Dodson, order!

Senator Scullion: 'Develop some options for local and regional decision-making and a voice to parliament.' It doesn't say 'constitutional voice to parliament'; it just says 'a voice to parliament'. So we have, in good faith, put a line item in there that allows that to happen, Senator. It is no more or no less than exactly what it says.

Senator DODSON: Minister, I understand what was in the report. I was a co-chair of it. I understand that. All The request of the First Nations peoples is very clear. They want The Voice entrenched in the Constitution.

Senator Scullion: What we need to understand is what that is, Senator.

Senator DODSON: You're saying you're not supportive of that.

Senator Scullion: No. What we need to know, Senator, is what that is. What is the make-up of that? How are they elected? Where do they come from? What's the relationship with parliament?

Senator DODSON: I'm talking about the Constitution, not the legislation. You can't even understand that. I'm talking about the Constitution—a head of power, not who gets elected and how the legislation—

Senator Scullion: The recommendation of your committee was much broader than that, Senator. As you said, you co-chaired it. It doesn't specify that The Voice you're talking about has to be constitutionally entrenched. It quite clearly deals with a range of other issues, including those regions that have to be identified.

Senator DODSON: I'm asking you what your response is to The Voice of the people that came from Uluru and from the constitutional committee to entrench The Voice in the Constitution.

CHAIR: Senator Dodson, you've asked that question a couple of different ways and a couple of times.

Senator Scullion: I'm happy to provide clarity on my last answer.

CHAIR: Just quickly, Minister, because two other senators have questions on this topic and many other topics.

Senator Scullion: It is my strongly held view that the whole reconciliation process would be set back enormously if Australia were to not support the contention of a change to our Constitution through a referendum.

Senator DODSON: And if it were?

Senator Scullion: I know, as do you, Senator Dodson—

Senator DODSON: But if it were? It would take—

Senator Scullion: without anything more than a voice, it is doomed to failure and so is all of the work that's happened to rectify some of the wrongs that have happened in the past. That is a fact.

Senator DODSON: The fear factor will not work on me, I'm sorry, Minister. I think the Australian public are far more intelligent about what is at stake here. You cannot give a
commitment to supporting a process to entrench the voice by way of referendum. If that's the position, Mr Chairman, I'm happy with that.

CHAIR: Thanks, Senator Dodson.

Senator Scullion: Can I say, Mr Chairman, that that's not actually my position. My position comes from when I say my position, not when Senator Dodson says that that's my position.

Senator DODSON: Well, tell me what your position is.

Senator Scullion: I'm just saying clearly: we would like to understand what a voice is before we put it to the Australian people. We want to understand the detail of the voice, which still, after all this time, is five letters. This process is a process of a significant investment that will allow that to happen, and that is consistent with the recommendations of your committee.

Senator STOKER: I would have thought people would see that as progress.

CHAIR: We have questions from Senator Siewert and Senator Smith on this matter, and then we'll move to other matters, noting that we also have to get the Department of Health. We have half an hour left.

Senator SIEWERT: Can I follow up where we've just left off. You say: The Government remains committed to the process of constitutional recognition for Aboriginal and Torres Strait Islander Peoples and will conduct a referendum once a model has been settled, consistent with the recommendations of the Joint Select Committee.

Senator Scullion: Where are you reading from?

Senator SIEWERT: It's the budget—

Senator DEAN SMITH: Page 154, Budget Paper No. 2.

Senator SIEWERT: It says 'constitutional recognition'. To me that means that the government—

Senator DODSON: is all over the place.

Senator SIEWERT: is intending to hold a referendum. That's certainly what I read into that.

Senator Scullion: This response is completely consistent with the recommendations of the Senate committee. The Senate committee said it has to do a number of things and it has two examine these things in the context of a spectrum of outcomes. Part of that spectrum of outcomes quite clearly for many people is a constitutional referendum.

Senator SIEWERT: So is what's in the budget papers true or not?

Senator Scullion: Again, try not to conflate constitutional recognition, which is a process which we have always stuck to, with the entrenchment of a voice in the Constitution.

Senator SIEWERT: I've read it too. I've been here since this process started.

Senator Scullion: I know that.

Senator SIEWERT: But it says: 'and will conduct a referendum once a model has been settled'.

Senator Scullion: Indeed. That's always been our process.
Senator SIEWERT: That seems to be inconsistent with what you were just saying to Senator Dodson about a referendum.

Senator Scullion: No. One is the enshrining of a voice in a constitution; the other, which we completely support, is constitutional recognition. Once we have settled on a model about what changes there would need to be, and we know they would have the support of the Australian people, that's the way it would move.

Senator SIEWERT: You can understand why we're really cynical now—I certainly am very cynical now—because it is trying to say—

CHAIR: For one so young, Senator Siewert!

Senator SIEWERT: I do want to ask a specific question. I won't hold us up any further. I think I've made my point. The $7.3 million isn't in the budget papers. It said that this measure has already been provided for by the government. Where's that money coming from, and how was that amount settled on?

Mr Fox: That funding had previously been allocated by the government in the contingency reserve, and it was funding that had been set aside for a number of purposes associated with a potential referendum. Indeed, there is still funding in the contingency reserve, as the budget papers show, to go to a referendum once that model has been settled, as you rightly point to in the measure.

Senator SIEWERT: How much remains in the contingency fund?

Mr Fox: The quantum that's allocated for the referendum in the contingency reserve is $160 million.

Senator SIEWERT: That's a bit more than I thought. So you've used $7.3 million of that for this?

Mr Fox: There's still $160 million allocated for the referendum.

Senator SIEWERT: So it's not coming out of the contingency reserve?

Mr Fox: Yes. The reason there were zeros in the budget paper, in the measure, is that it had already been provisioned.

Senator SIEWERT: Yes, I understand that. You said there's still $160 million in there but now you've allocated $7.3 million?

Mr Fox: That would mean a total of $167.3 million.

Senator SIEWERT: Oh, I see.

Mr Fox: So there remains $160 million allocated for that.

Senator McCARTHY: Could I just jump in on that one. If $160 million was already in there, was that from the last budget? Is that what you're saying?

Mr Fox: It has not been disclosed, consistent with the normal budgetary practice for contingency reserve. There is a mention in the budget papers which says there are a number of significant expense items in the contingency reserve, including $160 million for a potential referendum for constitutional recognition.

Senator McCARTHY: Can you give us a date on when that was identified as money for a possible referendum?
Mr Fox: No I cannot give you that.
Senator SIEWERT: Can you take that on notice.
Mr Fox: I don't have that information. It's within the Department of Finance rather than ours.
Senator SIEWERT: How did you settle on $7.3 million?
Mr Fox: We did some costings for a consultation process based on our experience with similar consultation processes—for example, the Referendum Council.
Senator SIEWERT: So you're foreseeing it would be modelled on what the referendum council did?
Mr Fox: We haven't yet settled the details of how that process will work, but, yes, we would assume it would be something along those lines.
Senator SIEWERT: The minister mentioned several times a co-design. How do you intend this process to be rolled out?
Mr Fox: We will co-design that with Indigenous Australians, and we'll work with them as we go through.
Senator SIEWERT: I understand that's what co-design is, but how do you intend to start that process? Who is going to be part of that co-design?
Mr Fox: That is what we haven't yet settled. The money won't yet be appropriated to us, but we'll be kicking that off shortly, and we'll work with a number of Indigenous Australians. We haven't yet worked out exactly who those are.
Senator SIEWERT: Is it the advisory council? Is it the old Referendum Council? How do you select these people?
Mr Fox: We will take some advice from the Prime Minister's advisory council, but we'll also work with other people. That may be the Referendum Council. We haven't got the details.
Senator SIEWERT: Who did you consult about this initiative?
Senator Scullion: You did that for us, Senator. The Senate committee went out and talked to so many people.
Senator SIEWERT: Yes.
Senator Scullion: It was the recommendations of that committee.
Senator DODSON: It was a joint house committee.
Senator SIEWERT: Yes.
Senator DODSON: It was not a Senate committee; it was a joint house committee.
Senator Scullion: My apologies.
Senator SIEWERT: I appreciate that. I was on that committee.
Senator Scullion: Yes, I know.
Senator SIEWERT: In terms of the actual allocation of the money, did you discuss with anybody whether that was the appropriate way to go?
Mr Fox: In terms of the quantum?
Senator SIEWERT: In terms of the allocation of that specific amount of money and the process that should be undertaken?

Mr Fox: We went through the normal budget processes within government.

Senator DEAN SMITH: Professor Anderson, how much money has been spent to date on the issue of constitutional recognition of Indigenous peoples?

Professor Anderson: I think we've already provided an answer to that question to previous estimates.

Ms Da Rocha: Yes. I can take that on notice.

Senator DEAN SMITH: Professor Anderson, how much money has been spent to date on the issue of constitutional recognition of Indigenous peoples? Have we progressed?

CHAIR: It might not be for officials to pass judgement on this.

Senator DEAN SMITH: Senator Scullion, how would you answer that question?

Senator Scullion: I think it's now an issue much higher in the psyche of everyone. As for any further detail, no, I don't think we've progressed that at all. I've already expressed my disappointment in the Referendum Council. Given the investment of time by so many people in that to be able to have a report that really was fundamentally supposed to deliver a question for the Australian people, I haven't met anybody, on all sides of the debate, who isn't disappointed with its failure to do that. Let's just hope that this next investment and those discussions, because they've had the bipartisan support of a joint house committee, lead to a more effective and efficient outcome than what we've invested so far.

Senator DEAN SMITH: Would you describe the issue of constitutional recognition of Indigenous people as still very contested?

Senator Scullion: No, I wouldn't. I would say the resistance is simply because they don't know what they are being asked. They don't know what they are being asked to support.

Senator DEAN SMITH: Who's 'they'?

Senator Scullion: 'They' are the Australian people—the people we can have these debates with. I've had lots of discussions with people about this, but the notion of 'voice' seems to carry a big weight. They talk about a voice to parliament—and that's great. It's an interesting concept. But we seem to have stalled every time we say: 'Righto. What does that actually mean? How is that going to work?' Hopefully, the investment that we have laid out and with the work of parliament in the future we'll get down to that nitty-gritty, which we haven't managed to get into before.

Senator DEAN SMITH: Is the $7.3 million to be spent on engagement and consultation? Is that what the $7.3 million is to be spent on? The measure has four paragraphs, but my reading is $7.3 million in addition to everything that has already been spent on engagement and consultation. Is that fundamentally what the $7.3 million is to be spent on?

Mr Fox: It is part of the co-design process.

Senator DEAN SMITH: It is part of the co-design process?

Mr Fox: Yes.
Senator DEAN SMITH: What are the other parts of the co-design process? And have they been funded?

Mr Fox: That would include, for example, travel costs, booking venue costs. It will include the operations that would go to support that co-design process.

Senator DEAN SMITH: Senator Siewert read out this paragraph, but I'll do it again: 'The government remains committed to the process of constitutional recognition for Aboriginal and Torres Strait Islander peoples and will conduct a referendum once a model has been settled.' Settled with who, or by who?

Mr Fox: I think the paragraph there says that the co-design process is to provide options to the government. I think the recommendation of the joint select committee that senators Siewert, Dodson and McCarthy were all on—

CHAIR: And Senator Stoker.

Mr Fox: and Senator Stoker, indeed; my apologies, Senator Stoker—was that that process should lead to recommendations to the government.

Senator DEAN SMITH: So the government settles on a model?

Mr Fox: The government would make decisions informed by the advice and the recommendations of that co-design process.

Senator DEAN SMITH: Again, I'll go back to Senator Siewert's question, it says 'engagement and consultation with Indigenous communities and organisations'. Which Indigenous communities and which organisations? And is it only Indigenous communities and only Indigenous organisations?

Mr Fox: That will be settled once we form the body that will conduct that co-design process as to which individuals communities and organisations they would be.

Senator DEAN SMITH: There have been a variety of bodies already. That is where the $30 million to $40 million has gone—RECOGNISE, for example. Is this a different body, or is it previous bodies reincarnated?

Mr Fox: The difference here is that this process will be conducted in partnership with Indigenous Australians. The co-design element is something that has not featured in some of the previous models which you are referring to.

Senator DEAN SMITH: So the $30 million to $40 million previously expended was wasted, because Indigenous committees and organisations weren't properly consulted?

Mr Fox: I don't think that's something I could comment on, Senator.

Senator DEAN SMITH: How is the $160 million that has been reserved for the referendum calculated? Is that the average cost of a referendum?

Mr Fox: I'm not aware. There is a reference to that amount. From memory, it's page 5-44 of Budget Paper No. 1, and it's in the context of significant expense measures that constitute the contingency reserve. So I don't have the detail of where that's from. In fact, that is an allocation, as I understand it, for the Finance portfolio, which would go to the Australian Electoral Commission to facilitate the conduct of a referendum.

Senator DEAN SMITH: Where is funding to RECOGNISE up to? Or has that now ceased?
Ms Da Rocha: There was funding for RECOGNISE from 2012-13 to 2016-17, and that is finished now.

Senator DEAN SMITH: Was there a review or an analysis done on the success of that funding to RECOGNISE or on the activities that RECOGNISE undertook?

Mr Fox: I'm not aware if there was an evaluation of that process.

Senator Scullion: That is something we can take notice, Senator.

Senator DEAN SMITH: Thanks very much.

CHAIR: Noting that we have 15 minutes remaining, do we wish to continue with the Department of Prime Minister and Cabinet or do we wish to quickly go to health matters? I'm seeking the views of the committee.

Senator SIEWERT: I have some questions on family violence. I am not sure whether some of these have been asked somewhere else; if they have, tell me to go and look there so we save time. I want to ask some questions around the allocation of the $35 million under the fourth action plan specifically to address our First Nations peoples affected by violence. Can I find somewhere how the $35 million is intended to be spent and how it is broken up into programs? I'm also specifically trying to find out if there's money available for intensive case management and trauma informed approaches.

Ms Saastamoinen: The decisions about specific funding allocations across the four measures haven't been made. The only specific decision that has been made was the funding of $1.7 million to continue with phase 2 of the Wiyi Yani U Thangani (Women's Voices) national conversation. With the remainder of the funds, we're going to be continuing some of the successful activities that were funded under the Third Action Plan, and we should be in position to advise providers very shortly about those activities. The first of the two new measures is around greater support for Indigenous women and children in remote areas and areas of high need. They're able to access services that work with the whole family to address the impacts of violence. Then there are the practical intervention programs to work with Indigenous young people and adults at risk of experiencing or using violence, including addressing past trauma—again that's trauma informed focus—to equip them with practical tools to enter and maintain positive and violence-free relationships. Those two measures will be developed in consultation with Indigenous people, experts advisers, experts in these areas, to ensure that we develop service models that not only deliver on the more complex needs that are obviously present in a family environment and also for people who have been more exposed to violence as a way of dealing with things but also enable us to learn from them—to see whether or not there's application of any lessons from those to other situations as well.

Senator SIEWERT: But you haven't worked out how the money will be allocated between those?

Ms Saastamoinen: No. Part of it will be subject to the consultation process with experts but also the negotiation of funding agreements and the schedules around the range of activities that will continue.

Senator SIEWERT: I will try and be quick through this because I know other people have questions. How did you calculate the $35 million?
Ms Saastamoinen: Part of it was looking at what we had learnt from the Third Action Plan. So the types of measures that—even in the short period of the two to three years that we were implementing them—had showed promising practice. We were looking, again, at what the costs of those were and how we could continue to expand on those. Others were the newer measures, built on our learnings from the Third Action Plan and other measures, but we also looked at what might have been comparable costs in other areas as well. For example, if we were interested in putting certain types of professionals or specialists into these models, what was their salary range? We had a look at those types of learnings to actually build the cost of these models.

Senator SIEWERT: You mentioned that some of the providers under the Third Action Plan may be refunded, how do you decide that and what's the time frame?

Ms Saastamoinen: So we're in a position to be able to let them know in the very near future—I'm talking a matter of days—which activities will continue. The decisions around the continuing activities, as I mentioned before, and which ones were actually showing promise over the last two or three years of their rollout. It is a complex area. Some services had really struggled in some ways to recruit appropriate staff. Others had been challenged by changing the nature of some of their service delivery. We looked at those that were actually getting clients through, had actually been able to staff up and had actually developed service delivery models that seemed to align with the known evidence base and the known literature. That formed all of the thinking around which of the activities should continue.

Senator SIEWERT: The funding that isn't going to providers—it sounds like you haven't decided that. But will that proportion of funding then go to a new round; you'll open a round of funding? Is that the idea?

Ms Saastamoinen: Again, once we've done some of the consultations with the advisory group, that will help us frame that. Is it around, for example, doing a select sort of tender process? Is it something where we can build on the expertise of organisations that may be working in similar fields—for example, in child protection—or others that are in communities where we already have a feeling now that there may not be equivalent services around? How can we test some of these concepts and test some of the service delivery models, but also draw in Indigenous organisations that would be in a good position to develop and deliver the models as well? So we will be seeking advice on the best way to approach that.

Senator SIEWERT: Thank you.

CHAIR: Do I have support to go to Health briefly in the last 10 minutes that we have, or are there further questions under PM&C?

Senator DODSON: There are some matters that I think Mr Griggs was going to get an officer to deal with—some questions.

CHAIR: Okay, we'll do that.

Senator DODSON: Thank you, Mr Griggs, for organising people to be here for that. I raised a question about Goldfields Land and Sea Council; I understand their funding is to be discontinued. Can you tell me whether that's correct or not?

Mr Bulman: Yes. It's worth framing this by saying that there are two processes underway with Goldfields Land and Sea Council. The first was in July 2018, when, following a review of the performance of native title representative bodies across the country, the minister took a
decision not to invite Goldfields Land and Sea Council to be re-recognised as a native title representative body, based on their performance.

Senator DODSON: What was that date?
Mr Bulman: That was in July 2018.
Mr Bulman: Yes.
Senator DODSON: On what basis was that decision made?
Mr Bulman: It was based on concerns about their performance and their governance. We've been progressively assessing and looking at the performance of native title rep bodies across the country to make sure that they're delivering great services for their constituents. There were concerns about Goldfields in their delivery and performance.

Senator DODSON: What measures were put in place to deal with the concerns—if any? On your advice, was it? Who did the review?
Mr Bulman: The reviews were conducted by Nous, an organisation that's worked closely with a number of organisations.

Senator McALLISTER: It's a consulting firm.
Mr Bulman: It's a consulting firm, I should say—Nous consultants. They identified, in the case of this native title rep body, some concerns about its performance. That was the first step to inform its recognition as a native title representative body. There are some key elements that were identified around performance and governance—for example, over 4,000 future acts weren't lodged for the region—and there were some concerns around their engagement with their stakeholders and prescribed bodies corporate et cetera. That resulted in Goldfields Land and Sea Council not being recognised as a native title representative body.

Subsequent to that, there's the other process, where the department funds these bodies. We've been working with that organisation since they've no longer been a recognised native title representative body to further assess their performance, look at their structure and work with the board on a way through. Just recently we've come to a position where we're no longer in a position to be funding them. So we've given them notice that we won't be funding them as a native title body anymore, but we'll continue to work with them over the coming months, provide funding out until the end of the financial year and work through a process of making sure there's another native title rep body that can deliver the services for the people in that region.

Senator DODSON: What assistance did you give to them in the light of the consultant's reports to fix up the shortfalls in governance and shortfalls in operation?
Mr Bulman: I might ask Mr Beswick to step through the chronology of support with the various people that we've brought in to support this organisation.

Mr Beswick: Senator Dodson, the department's taken a number of steps following the minister's decision not to re-recognise Goldfields Land and Sea Council as a native title representative body. From that point, they—

Senator DODSON: Can I stop you there? Consequent to the minister's decision, the minister's decision was based on the consultant's initial review—is that right?
Mr Beswick: It was informed by that review, yes. It wasn't the sole basis on which the minister's decision was made.

Senator DODSON: What were the other bases?

Mr Beswick: It was also informed by our understanding of the performance of Goldfields Land and Sea Council over a period of time. For example, there had been up until recently no new claims lodged in that area since 2011. There'd been, I guess, ongoing—

Senator DODSON: Was there potential for claims?

Mr Beswick: Goldfields Land and Sea Council had been undertaking a research project for a number of years. The milestones that the land and sea council had established for itself over a period of time, initially, were going quite well. But, over successive years, those milestones were continually missed and there was also a strategy of disengagement with their own constituents in the region that led to some—

Senator DODSON: I had a very simple question—was there potential for claims? Were there lands there to be claimed under the claimable categories?

Mr Beswick: There was potential for lands to be claimed, yes.

Senator DODSON: How much?

Mr Beswick: There are four research areas that the Goldfields Land and Sea Council is—

Senator DODSON: So there are potentially four claims?

Mr Beswick: Potentially, yes.

Senator DODSON: How did you come to the view that they hadn't lodged future act objections?

Mr Beswick: Unless there are claims lodged, there can be no process of notification of native title holders of future acts. So in the absence of claims that are lodged with the national—

Senator DODSON: My question was: how did you know there were X number of future acts there?

Mr Beswick: That was information that was provided through the Nous review.

Senator DODSON: Did the review—because I haven't read the review—take that up with the governing committee of the Goldfields land council?

Mr Beswick: The land council was given an opportunity to provide comments on the review, and those comments were taken on board in the draft report that was provided to the department. The department reviewed the draft report and, subsequently, Nous provided the department with the final report.

Senator DODSON: What assistance did you give to the Goldfields land council?

Mr Beswick: Following the minister's decision in July not to re-recognise them, the department commissioned a consultant to work with Goldfields Land and Sea Council to assess their performance and to work with the board and the executive to attempt to address the performance issues, and also—

Senator DODSON: Did they make satisfactory efforts?

Mr Beswick: Not satisfactory efforts, no, Senator.
Senator DODSON: According to?

Mr Beswick: According to our assessment and also the views of the consultant that we commissioned to work with the Goldfields Land and Sea Council.

Senator DODSON: Did they have the resources sufficient to respond to the challenge?

Mr Beswick: I believe so, Senator; yes, they did.

Senator DODSON: So you've now got them on some drip feeder and you're about to knock their heads off on 30 June? Is that the situation?

Mr Beswick: Their funding has been extended until the end of June. Initially, following the decision last year, they had funding until March. We had initially proposed to fund them monthly, but, following some recent negotiations, we agreed to extend that funding for the full three months until the end of June this year, pending the development of alternative arrangements for the provision of native title services in the Goldfields region.

CHAIR: Senator Dodson, this will be your last question now.

Senator DODSON: That's a pity; I'm enjoying this! I don't think anyone wants to go to bed; they want to know what's going to happen to the future of these people in the Goldfields! This organisation has been there for a long time. I think you said earlier that there is some transition process, but you have not yet identified another organisation?

Mr Beswick: That's right.

Senator DODSON: What process have you put into play to identify that other organisation?

Mr Beswick: We held a public meeting in Kalgoorlie on Tuesday this week to talk to constituents in the area who were able to attend that meeting to seek their views on the sorts of arrangements that they would like to see put in place. Following that meeting, we will conduct an expression-of-interest process calling for submissions from suitable existing or new organisations that are able to demonstrate a capacity to discharge the functions under the Native Title Act to deliver those native title services in the Goldfields region.

Senator DODSON: So potentially that—

CHAIR: I'm sorry, Senator Dodson, you'll have to put any further questions on notice as we're now over time.

Senator DODSON: Okay. I wish you well for your meeting with the people of Kalgoorlie, Mr Beswick.

CHAIR: Thank you, Senator Dodson. I apologise to the Department of Health, who, despite our best intentions, we didn't get to tonight, but it was a busy program today. That concludes today's proceedings. I don't know if we'll be enjoying your company next week—if we're lucky, we will. We will find out in due course. I'd like to thank all the ministers and officers who have given evidence to the committee today. I'd also like to thank Hansard and broadcasting for their assistance. I now declare this meeting of the Senate Finance and Public Administration Legislation Committee adjourned.

Committee adjourned at 23:01