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SENATE

ENVIRONMENT AND COMMUNICATIONS LEGISLATION
COMMITTEE

Estimates

Public

THURSDAY, 25 MAY 2023

CANBERRA

BY AUTHORITY OF THE SENATE

ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

Thursday, 25 May 2023

Members in attendance: Senators Antic, Cadell, Davey, Grogan, Hanson-Young, Henderson, Hughes, McKenzie, Payman, David Pocock and Roberts

INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT, COMMUNICATIONS AND THE ARTS PORTFOLIO

In Attendance

Senator Carol Brown, Assistant Minister for Infrastructure and Transport

Department of Infrastructure, Transport, Regional Development, Communications and the Arts

Program 5.1

Mr Jim Betts, Secretary

Mr Richard Windeyer, Deputy Secretary

Dr Stephen Arnott PSM, Deputy Secretary

Ms Maree Bridger, Chief Operating Officer

Mr David Hallinan, Deputy Secretary

Ms Marisa Purvis-Smith, Deputy Secretary

Mr David Mackay, Deputy Secretary

Mr Matthew Brine, First Assistant Secretary, Communications Infrastructure Division

Ms Kate McMullan, Assistant Secretary, Telecommunications Resilience Branch

Dr Jason Ashurst, Assistant Secretary, Digital Inclusion and Sustainable Communications

Ms Nicolle Power, Assistant Secretary, Broadband Policy Branch

Ms Shanyn Sparreboom, Assistant Secretary, Competition and Spectrum Branch

Ms Pauline Sullivan, First Assistant Secretary, Online Safety, Media and Platforms Division

Mr Adam Carlon, Assistant Secretary, Media Industry and Sustainability Branch

Ms Bridget Gannon, Assistant Secretary, Online Safety Branch

Mr Andrew Hyles, Assistant Secretary, Platforms and News Branch

Mr James Penprase, Assistant Secretary, Media Reform Branch

Ms Maria Vassiliadis, Assistant Secretary, Classification Branch

Mr Daniel Caruso, Acting First Assistant Secretary, Communications Services and Consumer Division

Ms Kathleen Sillieri, Assistant Secretary, Consumer Safeguards Branch

Ms Karly Pidgeon, Assistant Secretary, Regional Communications Branch

Mr Joshua Cockerill, Acting Assistant Secretary, Post, International Telecommunications and Australian Communications and Media Authority

Mr Philip Mason, Assistant Secretary, Universal Services Branch

Ms Meghan Hibbert, Assistant Secretary, Regional Communications Branch

Ms Cha Jordanoski, First Assistant Secretary / Chief Financial Officer

Ms Gillian Munro, Assistant Secretary, Finance Branch

Mr Lachlan Wood, Assistant Secretary, Assurance, Integrity, Risk and Governance

Ms Sonia Bradley, Assistant Secretary, Business Services Branch

Mr Phil Smith, First Assistant Secretary, Communications, Research, Strategy and Parliamentary Division

Ms Shona Rosengren, Head of Bureau, Bureau of Infrastructure and Transport Research Economics and Bureau Communications, Arts and Regional Research

Ms Susan Charles, Assistant Secretary, Communication, Ministerial and Parliamentary Services Branch

Ms Stephanie Bourke, Assistant Secretary, Human Resources and Property Branch

Program 6.1

Mr Greg Cox, First Assistant Secretary, Office for the Arts

Ms Alison Todd, Assistant Secretary, Arts Development and Investment Branch

Ms Leonie Holloway, Assistant Secretary, National Cultural Policy Taskforce

Ms Ann Campton, Assistant Secretary, Collections and Cultural Heritage Branch

Ms Anne-Louise Dawes, Assistant Secretary, Creative Industries Branch
Ms Rebecca Rush, Assistant Secretary, Australian Screen Industries Branch
Mr Jason Potkins, Acting Assistant Secretary, Australian Screen Industries Branch
Ms Marie Gunnell, Assistant Secretary, Access and Participation Branch

Australia Council

Mr Adrian Collette, Chief Executive Officer
Mr Tim Blackwell, Executive Director, Corporate Resources

Australian Postal Corporation

Mr Paul Graham, Group Chief Executive Officer and Managing Director
Mrs Tanny Mangos, Executive General Manager, Community, Sustainability and Stakeholder Engagement
Mr Nick Macdonald, General Manager, Corporate Secretary and Board

Australian National Maritime Museum

Ms Daryl Karp, Director and Chief Executive Officer
Ms Nancy Bennison, Assistant Director
Ms Susan Davidson, Head of Government Relations, Policy and Reporting

Classification Board

Ms Susan Bush, Convenor
Ms Fiona Jolly, Director
Mr Tristan Sharp, Deputy Director

Creative Partnerships Australia Ltd

Ms Fiona Menzies, Chief Executive Officer

National Archives of Australia

Mr Simon Froude, Director-General

National Gallery of Australia

Dr Nick Mitzevich, Director

National Film and Sound Archive of Australia

Mr Patrick McIntyre, Chief Executive Officer
Ms Jacqui Uhlmann, Head of Collection

National Library of Australia

Dr Marie-Louise Ayres, Director-General
Ms Alison Dellit, Assistant Director-General
Ms Maureen Dupree, Chief Operating Officer

National Museum of Australia

Ms Ruth Wilson, Acting Director
Mr Rohan Haslam, Chief Financial Officer

NBN Co Limited

Mr Stephen Rue, Chief Executive Officer
Ms Katherine Dyer, Chief Operating Officer
Mr Gavin Williams, Chief Development Officer, Regional and Remote [by video link]

Screen Australia

Mr Michael Brealey, Chief Operating Officer

Committee met at 09:01

CHAIR (Senator Grogan): I declare open this hearing of the Environment and Communications Legislation Committee into the 2023-24 budget estimates. I begin by acknowledging the traditional owners of the land on which we meet and pay my respects to elders past, present and emerging. The committee has fixed Friday 7 July as the date for the return of answers to questions taken on notice. The committee's proceedings today will begin

with Australia Post Corporation. Under standing order 26, the committee must take all evidence in public. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee 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.

The Senate has endorsed the following test of relevance of questions at estimates hearings. Any questions going to the operations or financial position of the departments and agencies which are seeking funds in estimates are relevant questions for the purposes of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with public expenditure 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 does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

Witnesses are reminded of the Senate order specifying the process by which a claim of public interest immunity should be raised. I incorporate the public immunity statement into *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: I remind all senators that, as we continue our work implementing the *Set the standard* report, as chair I will ensure that proceedings are conducted in an orderly, respectful and courteous way.

Australian Postal Corporation

[09:03]

CHAIR: I welcome Senator the Hon. Carol Brown, Assistant Minister for Infrastructure and Transport, representing the Minister for Communications and the Minister for the Arts. Minister, do you wish to make an opening statement?

Senator Carol Brown: No, thank you.

CHAIR: Mr Graham, would you like to make an opening statement?

Mr Graham: Yes, I would. My name is Paul Graham. I'm the Group Chief Executive Officer and Managing Director of Australia Post. I'm joined today by Nick Macdonald, our Group Corporate Secretary. Tanny Mangos is in the audience but has lost her voice and therefore is unable to join us. I would like to start by acknowledging the traditional custodians of the Canberra region, the Ngunawal and Ngambri peoples, and pay my respects to their elders past and present. I thank the committee today for the opportunity to provide this opening statement. A great deal has happened since I last addressed this committee, with the government announcing a consultation discussion paper on the modernisation of postal services. We welcomed this initiative, as Australia Post has been decline for the past decade and we cannot allow this to continue—a message you've heard many times from me. As you know, Australia Post will record a financial loss for the first time since 2015. Our letter business has already posted a \$189 million loss for the first six months of this financial year. The business is spending more and more money to deliver fewer and fewer letters. The average household today receives around two letters per week and, collectively, households sent less than three per cent of all mail, and that is mainly greeting cards. We're also seeing decline foot traffic across our post office network as digital services replace over-the-counter transactions and more and more people choose to use flexible collection options such as our parcel lockers.

Digitisation is being driven not only by corporate entities but also by every state and federal government actively encouraging people to move to digital platforms and away from the over-the-counter services that Australia Post provides. It's a stark message, but without change to the way we operate Australia Post's long-term viability is at risk. The imperative for change is clear. We are currently governed by the Australian Postal Corporation Act 1989, an instrument legislated before the internet boom and the creation of smartphones, when letters were the dominant form of communication, online shopping was a concept yet to be discovered and digital service provision largely did not exist. The performance standards issued a quarter of a century ago are no longer fit for purpose for Australia Post or for the customers and communities we serve each and every day. We now operate in a fiercely competitive environment with the vast majority of our revenue open to foreign private equity and other forms of intense competition, with deep pockets for investment.

Our financial viability is important, because unlike our competitors Australia Post is owned by the Australian taxpayer but not financed by taxpayers. We are entirely self-funded. When our business is profitable, we return a dividend to government and continue to invest in the country. However, when we run at a loss there is a risk of needing taxpayer support. We're proud to be a self-funded public enterprise and we want to, and can, remain that way.

We've seen the ramifications play out overseas when postal operators don't get the reform they need. Just look at Royal Mail's recent \$2 billion loss announced last week, and Canada Post losses of more than half a billion dollars. This should not be our story, but it could be without the change required. We want to keep delivering essential public services to Australian communities and businesses without taking a cent from Consolidated Revenue. That is funding that should go to schools and hospitals, not Australia Post. There have been many reviews of Australia Post over the past 10 years, and we do not need any more to repeat the same fundamental message: we must change or we will become a significant drain on the public purse.

However, it will take the commitment and goodwill from the parliament to support the changes necessary to deliver a sustainable future. We want to keep Australia Post strong for all Australians, especially communities in rural and regional Australia. We want to continue to deliver and see our posties in the neighbourhoods but with much-needed flexibility on what and how we deliver. We can't sit on our hands as the unstoppable forces of digitisation and ecommerce change the way we operate. We're adapting the shape of our business while continuing to invest in our infrastructure and services so we can keep meeting the changing needs of our customers and community.

We invested more than a billion dollars over the past three financial years on new delivery infrastructure and systems for our customers. We want to keep investing, but to do so we must remain financially viable. We have developed and are implementing our new Post26 strategy, designed to set us up for long-term success as a modern, ecommerce, digital, retail and mail business. We are making good progress, readying our business for the future. But given the scale of change required we cannot do it on our own.

Australia Post is one of Australia's most trusted brands, and it is and always will be an essential part of our community. This is especially true in regional and rural Australia. Our post offices cover every corner of this great country and our work force of more than 65,000 direct and indirect team members reach out and literally touch each and every household in every city, suburb and town.

We deliver countless services via our corporate and licensed and postal agents. Often we are the last outpost in many communities, with everything from banking and insurance to money transfers, applying for passports and tax file numbers and myriad other financial services. Australia Post's submission to the bank closures in regional Australia inquiry highlighted the critical role we play in regional and rural Australia, servicing around 1,150 regional communities that have a post office but no nearby bank branch. We recognise the opportunity to work more closely with banks exiting communities to provide a better customer experience, and are working to do just that. Bank@Post is now available to customers of 81 financial institutions nationally.

We are the backbone of the digital economy, especially Australia's \$67 billion online retail industry, delivering over half a billion parcels in FY22. We give back to the community through initiatives and partnerships such as our Indigenous Literacy Foundation, Foodbank, Beyond Blue, DeadlyScience, the Australian Red Cross, The Big Issue, and the World Wildlife Fund Australia. Additionally, the Australia Post Local Business Heroes program recognises and rewards 100 small businesses across Australia.

Australia Post also supports numerous other local and national programs that matter to us and matter to you through our community grants program, which earlier this month saw 438 community groups and not-for-profits sharing in over \$400,000 in grants. Just last week Australia Post launched its first ever sustainability bond, raising \$100 million to help deliver on a range of environmental and social issues.

Make no mistake, Australia Post is an essential service for the community, for businesses and every Australian. That is why we need to change now to guarantee our future. As a self-funded government business enterprise, we remain focused on strengthening the business so that we can continue delivering for the community, and this means adapting to meet the challenges facing us. We look forward to continuing to serve and help deliver a better tomorrow. I would now like to table this opening statement.

CHAIR: We appreciate you coming along today. I had the pleasure of bumping into one of your posties out at Hiltaba, which is a couple of hundred kilometres west of Kimba on a dirt road. He was very chatty. It was a very helpful chat. It was very nice to see him out there. Apparently he does 130,000 kilometres a year on his round.

Mr Graham: We have some who do a lot of distance. Thank you for taking the time to chat with him.

CHAIR: Senator Hughes.

Senator HUGHES: There was a question on notice; do you need the number of the question? Do you have previous questions on notice, Minister? I can give you the number.

Senator Carol Brown: I don't have the—

Senator HUGHES: It was regarding the Mobile Black Spot Program. Within the question on notice, on page 3 of 30, there's a section marked 'sensitive and critical information'. This is for you, Mr Graham. The minister's brief says, 'Australia Post has not confirmed its attendance with us or what it may say.' It also says that the government 'may wish to be circumspect about the precise role Australia Post will play in the audit, as there are still many unknowns' and that Australia Post staff have been helpful but cautious in discussions about the audit and there are limits to its fleet and its footprint. Mr Graham, can you explain the need for Australia Post to be circumspect and cautious, or your circumspection and cautiousness and, I guess, why Minister Rowland needed to be circumspect and cautious when involving Australia Post?

Mr Graham: In relation to mobile black spots, we've been working with the department in relation to this initiative. We've provided all the necessary information requested by the department into the role that Australia Post will play in this initiative. We are awaiting feedback from the department as to the next phase of that engagement. There is no reason for us to be circumspect around the information. It is a complicated project. You referred to our coverage. Obviously, we cover a great deal of Australia, as just mentioned by the chair. We do a lot of long runs, but there are gaps in our network where we will not be able to provide assistance to the initiative. The department, I believe, is working through how they will manage that process.

Senator HUGHES: Has your role been defined as yet or is that still underway?

Mr Graham: We have been asked some very specific questions in relation to what we can do, what areas we can cover, what our ability is in relation to the requirements issued, and we've provided all of that information to the department.

Senator HUGHES: The government is claiming that this will be an independent audit, but the government owns Australia Post. Can you please reconcile that claim of independence?

Senator Carol Brown: Australia Post operates independently of the government and what we've done is use the vast networks of Australia Post to undertake this audit. We did say from the beginning, when this was announced, that the department would also be exploring opportunities to supplement Australia Post with the purchase of commercially available data. It is an independent audit, and it's an important audit.

Senator HUGHES: So is the audit really going to be done—I know we talked about this last time—by a fleet of posties out on their scooters, buggies and bikes? Is that how the audit looks like it's going to happen physically?

Mr Graham: We have a range of equipment in Australia Post, from very large linehaul vehicles right through to our EDVs. We have tested and validated that all of our equipment is able to host the device that records the strength of the signal and that device then gets returned to a depot where it gets uploaded to a database that is then used as part of the audit.

Senator HUGHES: Minister, I can table a copy of this social media post that was made, the event with Minister Rowland and Senator Polley. We also noticed in the brief it says 'no media invited' and 'photos for social media only'. I've just given the photo to be tabled. It looks like it's a postie on an electric scooter or buggy. Are these the sorts of vehicles that the government is going to be relying on for the national audit? Is there going to be some sort of emphasis on using these sorts of electric vehicles to conduct the audit in a clash of competing virtues to signal?

Senator Carol Brown: Mr Graham has already outlined the sorts of vehicles. I don't think I've seen—

Senator HUGHES: The photocopy is coming now.

Senator Carol Brown: Mr Graham has outlined the capabilities of Australia Post and the minister has already talked about exploring opportunities to supplement Australia Post with the purchase of commercially available data. Also, this is a really important and exciting initiative, I think, that should be welcomed, because it is about mapping where the mobile coverage is, which would obviously give us the evidence we need to make further decisions.

Senator HUGHES: I think, as we discussed yesterday, Eden-Monaro is obviously very much in need of mobile black spot support, with nine out of 54 of the sites being in that marginal seat. I have only two more quick questions. As to the posties that are doing the audit, Mr Graham, is this going to be happening whilst they're delivering parcels and letters? Is there going to be an added piece of equipment on their bike while they deliver? So, it will just happen during the normal course of their work?

Mr Graham: Correct. It's the size of a packet of cigarettes or playing cards, whatever it is.

Senator HUGHES: Shush! Don't say 'cigarettes'! We'll get a letter from the Department of Health.

Mr Graham: Apologies; I'll retract that comment.

Senator HUGHES: You'll lose your climate tick if you mention cigarettes in here.

Mr Graham: With the price of a pack these days, that's not surprising. We already have Telematics and a number of devices fitted to our vehicles. This is a very small device that gets fitted as a matter of normal course when the bikes come back for maintenance and checks. It doesn't interfere with the daily operation of our posties.

Senator HUGHES: Finally, how long is this audit expected to take? Minister?

Mr Windeyer: We're still working through the final design of the program. I think at the moment we hope to be going to market for someone to conduct the audit with the use of Australia Post vehicles in the coming months, and then hopefully we'd start having data available towards the end of the year. But we are still in the process of finalising the design and working out how best to go to market.

Senator HUGHES: So, we don't have a ballpark for how long the audit is going to take from when it commences?

Mr Windeyer: I'd have to check. The funding for it is over a number of years. The intention is that it could run for some time, which could be, firstly, just about covering the territory and, secondly, it may be that one of the things we design for is having some time series to it so that we can see what's changed over time.

Senator HUGHES: Is there a prioritisation being done by the department? Obviously rural and regional areas have more black spots than necessarily metropolitan areas?

Mr Windeyer: That's one of the things we're trying to work through, how best to do it. How best to get useful information on coverage and, I suppose by definition, areas without coverage, noting a very large landmass that we would need to map. That is all part of the design at the moment. We're very keen to work out how to make sure we get useful information that can help inform consumers and possibly policy design and also investment targeting for solving black spot problems. That work is still being done in terms of the design. I suppose I'm being a little cautious because we will ultimately be going to market here for people to respond to conduct audit activity for us. Just to clarify something I think as to the way we would see it, Australia Post and its vehicles will be assisting with the audit rather than Australia Post conducting the audit, which goes to your earlier question.

Senator HUGHES: Obviously they're not going to be bringing the data back and giving you the analysis?

Mr Windeyer: That's right. We will be looking for someone who will use Australia Post as a partner. We've been working with—

Senator HENDERSON: Mr Windeyer, that's not what the minister originally committed to do. Her commitment was that Australia Post would run the audit. You're now switching the narrative a bit.

Mr Windeyer: No—

Senator HENDERSON: No. That's exactly what the minister said.

CHAIR: Senator Henderson, could you please allow Mr Windeyer to answer the question that you have asked of him.

Senator HENDERSON: Yes, Chair.

Mr Windeyer: I don't have the words in front of me. It was certainly always the intention that Australia Post vehicles would be used for the audit, and to the extent there was a trial or a previous exercise which has tested the concept, that was a third party working with Australia Post. So, absolutely using Australia Post—

Senator HUGHES: Maybe we can check the *Hansard* and just get it corrected if we need to, but that's fine.

CHAIR: Senator Davey.

Senator DAVEY: I have a couple of questions about Bank@Post, which I've asked you about in previous estimates. We know the broad and far-reaching stretch of Bank@Post services and the fact that they provide services on behalf of about 81 financial institutions across Australia. There has been quite a level of advocacy for a Commonwealth postal bank. Have you had conversations with those advocates about what that would mean for Australia Post and Bank@Post?

Mr Graham: I have read the media and some people raising that prospect. We have had no discussions with anybody formally or informally. We are very happy to continue providing over-the-counter services, as you say, correctly for 81 financial institutions, 1,150 locations in regional Australia where there are no banks and Bank@Post is the only banking facility. But we've had no discussions with any of those advocates.

Senator DAVEY: A concern has been raised with me that a Commonwealth postal bank would directly compete against the other financial institutions that are serviced through Bank@Post, which may see a withdrawal of their arrangements with Bank@Post and might limit customer choice. Do you have any thoughts on that or has anyone made those representations to you? Have you had conversations with the financial institutions that you have arrangements with?

Mr Graham: No, we've had no discussions regarding that matter. We have long-term contracts in place with three of the large four banks, NatWest, Westpac and Commonwealth Bank. As I say, we continue to provide a range of particularly consumer banking services to 81 financial institutions, and anything beyond our over-the-counter services is not a matter for Australia Post.

Senator DAVEY: Some of those financial institutions that you service or have arrangements with include some of the customer owned banks, the smaller, lesser-known brands as well?

Mr Graham: Correct, yes. As you say, with 81 institutions—whilst we have three out of the big four, as it's so-called, we deal with community banks, regional banks, the whole range of institutions, predominantly in consumer banking.

Senator DAVEY: I know one of the recommendations from the Regional Banking Taskforce was to increase promotion of Bank@Post services. Is an education and awareness campaign underway, coordinated with the financial institutions as well?

Mr Graham: We have ongoing dialogue with the financial institutions, firstly, about getting greater clarity and greater notice as to when a bank will close in a town so that we can proactively ensure that our post office in that town is as best equipped as possible to cater for the influx of activity; and, secondly, to work with community groups to ensure that they are aware that Bank@Post is an available alternative. We continue to work through that. We also continue to work with the banks in being open to increasing the range of services we provide. It's fair to say that when Bank@Post was first initiated it was focused solely on basic consumer banking. We have now found in the communities where banks have withdrawn an increasing need from small business and also for the provision of cash. We are happy to extend the range of services, the training and the capability of Australia Post in our Bank@Post services. But that will obviously require additional investment. We continue to have a dialogue with the banks, in particular the major banks, in relation to any interest they may have in extending the range of services that Bank@Post provides.

Senator DAVEY: That's good to hear. One of the biggest concerns brought up at the Regional Banking Taskforce was the cash limitations through Bank@Post, but also the expanded services. It's good to hear those conversations are happening and Bank@Post continues to evolve to meet the needs. My final question, which may actually be a very good lead in to my colleague's questions, is: when you are considering the structure of the Australia Post network, does the fact that, as you've mentioned, some of your outlets are the only financial institution in a town, come into your considerations of where you may or may not have a branch closure?

Mr Graham: Yes, it absolutely does, and thank you for the question. As I mentioned in my opening statement, there are 1,150 towns in Australia today where we are the only banking presence for those towns, and we will remain committed to those towns going forward. As I say, the nature of Bank@Post is evolving. When we look at expanding the range of services to small business and cash, there are some physical restrictions on our branches; they weren't set up for that. Things like the provision of safes or added security, et cetera, which you'd expect when you're handling larger amounts of cash, need to be taken into consideration, and that is part of the dialogue that we have with the banks. Certainly, we are very conscious of our responsibility, particularly in regional and rural Australia, and will ensure that we provide the services that the community needs.

Senator DAVEY: Thank you. That's all from me.

CHAIR: Given that you've started there, I might just extend on that. In terms on the number of facilities that you have, how many are there where you're the only banking service in the area or in the town?

Mr Graham: There are 1,150 towns where we have a post office where there are no banks present in that town, and so they have no physical branches, they have no physical presence and the only banking service available in that geography is Australia Post through its Bank@Post services.

CHAIR: We've had conversations here before about the level of services you are able to provide, but maybe you could step this through for us. You have a contract with three of the big four and also with 81 other institutions. What's the scope of those services?

Mr Graham: The scope of the services are for what we would call basic consumer banking, so the ability to deposit cash and withdraw cash; certain limits are set and processes are in place in relation to that. Beyond that we do not have any additional scope. That is part of the discussion that we're having, because the feedback from those communities is that small businesses have not been fully catered for, and also cash has not been catered for. For example, at Coober Pedy, with no more banks in town, about \$30,000 a week in cash is required, and that cash has to be flown in. It's about \$7,000 each time that has to be flown in. That's the sort of situation we're now dealing with, and we are trying to assist in the provision of cash for Coober Pedy. At the same time, as I mentioned, we have to look at the physical structure of our banks—safety, security. At the same time, we are getting feedback, and I've read all of the banking inquiry minutes, where people are looking for privacy. When they come into a banking branch, they want to discuss their personal banking arrangements. They run a small post office where everyone can hear what they're saying. We need to reimagine what those services look like.

Our Community Hub at post, for example, the first one of which is in Orange, has taken that into account. This is where we have a much larger footprint in a community. We have a dedicated lane for banking services, a dedicated lane for parcel services, a larger retail footprint, because in a lot of these towns the general merchandise providers like Kmart, Target and Big W have also left town. Orange is probably not the best place to start, but we happen to have a beautiful heritage building that we are recommissioning, because it does have the major banks. But we've got plans afoot for Burnie, Tasmania, which no longer has one. We've got plans afoot for Williamstown on the outskirts of Melbourne and also in Geraldton in Western Australia.

CHAIR: I was going to ask you about how the hub at Orange was progressing. What would you say the fundamental difference is between a standard Australia Post and what you're trying to do with these hubs?

Mr Graham: The biggest difference is physical scale. This is a large, old, beautiful post office that we've restored, despite challenges from the heritage planning people. It allows us to have the space to reorganise the back of house, as we call it, because most of our post offices did not see the parcel boom that is now upon us and therefore were geared towards mail. It allows us to have a much more efficient operation for back of house, a dedicated lane for financial services so when you come to the post office you don't have to queue behind people who are wanting to apply for a tax file number or pick up their parcel; you can go straight to a financial services line. We are looking at the provision of a meeting room, such that, if you wanted to meet with a regional mortgage broker who comes to town on Tuesday, they can rent that room and use that room for privacy. That's what we're trying to do. The name I think says it all. It's a community hub. You go there, you can do your banking, you can pick up your parcels and you can top up your mobile phone card. You can pick up basic general merchandise, pick up a greeting card. We're trying to create a place that physically allows us to present a broad range of services that are going to meet the needs of the community in replacing other services that have withdrawn from those communities.

CHAIR: That's great. Thank you.

Mr Graham: We look to open hopefully in mid-August, subject to some building work.

CHAIR: That is excellent. We'll look forward to it. Senator Cadell.

Senator CADELL: As a Nat, I'm loving the cognitive dissonance going on. As to regional Australia, I'm loving the concept of what we're doing in Orange. It's a bit 'Double Bay West', but it's still a regional town. Ideas like the changing rooms, where you can pick up—

Senator HUGHES: Did you refer to Orange as 'Double Bay West'?

Senator CADELL: Yes. With the changerooms, you can come in and get your item, go and change it, test if it fits and not have to do the hour return trips. It's a great idea and I'll get to some questions on that good stuff that's happening. We've got the Postal Services Modernisation program, which is causing some concern in rural areas. You raised yourself the 1,150 where we are the only financial services. Are there intentions versus actualisation, which is sometimes different? Are there threats of closures of any/many regional things that we're looking at? Regional towns are losing things. Rivers are deep and mountains are high. Where is your head on how that's going? Can we say that none will be closed?

Mr Graham: Thank you. Our commitment to regional and rural Australia goes back for the 200 years of our history. I think it is part of the DNA of Australia Post and part of the expectation that Australians have of the services we provide. We are, and will always remain, committed to regional and rural Australia. If you take, for example, the case of Bendigo, we have 18 post offices in Bendigo. Will we have 18 post offices 10 years from now? I don't know. But will we always be in Bendigo? Absolutely.

Senator CADELL: Are you breaking your post office down to regional and remote? I come from the Hunter Valley. Maitland would be a regional town but it's far more metropolitan than would be a Dubbo or even a Brewarrina. The ones I'm really worried about are the 1,150 that are only financial services. That's an entirely different category. Are they safe?

Mr Graham: Yes, we are committed to continuing to provide banking services and postal service to those communities. We understand that we are the last service outpost in those communities and what a critical role we play in the daily lives of those communities.

Senator CADELL: Way back in 2014, there was an announcement about increasing the viability of these agencies. Is it working? There are loss making and profit making venues. How are these things going where they are owned and where they are agencies?

Mr Graham: That's a very good question, and it's fair to say—and I refer back to my opening statement—that the economics of our post offices are being significantly challenged, primarily due to the reduction in foot traffic, due to the digitisation of things like bill pay, being able to apply for your tax file number online now rather than having to come in to the post office. The vast majority, two-thirds, of our post offices are licensed. These are small businesses who have taken a licence from Australia Post in good faith, and through no fault of their own and no fault of Australia Post the economic changes in society around ecommerce and around digitisation are impacting, in some cases significantly, their revenue streams and we are seeing post offices hand back their licences due to either retirement, illness or indeed economic viability. To your point, we are very conscious that particularly in those towns where there are no other banking services available, we will then work with that community to ensure those services are preserved. It may mean that a post office moves to an in-conjunction business with a newsagent, a chemist or what have you or it goes to what we call a postal agent, but we will continue to provide a service and we will work with the community as to what that service needs to be to satisfy

their needs. It is fair to say that the post office is not immune to the changes in community behaviour and this is, as I said, not any fault of the licensees; this is just simply a change in the way consumers are shopping.

Senator CADELL: If that change continues on the trend it has been—things always change; that's the only constant—do you think that government will have to look at some form of support to maintain these services where they are required?

Mr Graham: I think that is a good question. We continue to provide support in terms of the fees and commissions that we pay to licensees, but there is a limit to that, which then impacts the overall sustainability of Australia Post. I believe it is a question that needs to be discussed, as to what community expectations are, and that's why we welcomed the government's public request for submissions into the future of Australia Post, so that we can hear directly from those communities as to their expectations for the services we provide, both today and into the future, and therefore plan our strategy around being able to service those needs. But we are faced with economic headwinds, and they will come into play. Also, each community is very unique, as you would know, in terms of the demographic make-up of that community, and the range of services they use for Australia Post. There's not a blanket approach that we take. We do look at each individual post office on its merits and look at the demographic mix and the growth opportunities or indeed where we're not seeing growth because of changes in the local community.

Senator CADELL: You mentioned last time in estimates there are increasingly apps where people can look at their parcel delivery service in terms of the time frame and the costs and they're always updated; that you monitor it to see how you're going. Do you have an advantage in regional areas because of that network? Is there a difference between market share in metro, regional and remote? Are you noticing those different things?

Mr Graham: We have built, obviously, as a postal service an extensive network across the country that is unique in that regard. We are a very large landmass with a very small population and, therefore, that network is required. We continue to invest significant money in that network. As I said, we've spent a billion dollars over the last three years. Our parcel app that you mentioned is the No. 1 app in the android store and top 5 in the Apple store. We have about 12 million ongoing users and seven million registered users on that app. It gets terrific feedback from our customers and we continue to invest in updating the performance of that app and the information that we provide on it. But we have a large network. We also continued to spend \$348 million last financial year on our community service obligation. There are some unique attributes to Australia Post, both in terms of the network that we have, but also the community service obligation investment that we make on an annual basis.

Senator CADELL: How has your market share on parcels been going over the last three or four years?

Mr Graham: We have seen that market share remain fairly stable. Obviously, like all parcel operators and ecommerce operators, we saw a huge increase during COVID. A lot of that volume has remained as people got on to the ecommerce bandwagon and have stayed there. We are certainly the largest player in regional and rural Australia because of the scale of our network. The size of our network allows us to ensure that we provide good service to regional and rural Australia and also do so at a price that is competitive and makes it attractive for people in those communities to shop online.

CHAIR: Senator Henderson.

Senator HENDERSON: I want to start with a question on notice that I asked of you in the last estimates concerning Mr Ryan Liddell, who is Mr Shorten's former chief of staff. It's question on notice SQ23-003218. You've declined to answer my question in relation to the quantum of Mr Liddell's contract, which is in breach of the Senate's rules. Can I give you another opportunity to provide the committee with that information, please?

Mr Graham: Thank you for your question. We have responded to the question on notice. The contract with our principal advisory, which is what Mr Liddell works for, contains a significant amount of commercially sensitive information, disclosure of which could cause commercial harm to the disadvantage of Australia Post and impair its ability to procure services of this kind efficiently and effectively, and the principal adviser as well by impairing their ability to operate commercially in this competitive market.

Senator HENDERSON: That's irrelevant. It's in breach of the Senate's rules. I have asked you for information about expenditure of Australia Post, and you are refusing to give it. I'm now asking for that information, because what you have done is you've treated this committee with contempt. You are required to give that information.

Mr Graham: We don't treat the committee with contempt.

Senator HENDERSON: Could you please then provide the information?

Mr Graham: As I said—and I answered this question at length last time in Senate estimates—this information is commercially sensitive. Disclosure of this information—

CHAIR: Could I intervene?

Senator HENDERSON: Please allow me to question the witness, Chair.

CHAIR: I am just going to allow you to—

Senator HENDERSON: I'm not out of order.

CHAIR: I didn't say you were.

Senator HENDERSON: So please do not interrupt my questioning. It's not appropriate.

CHAIR: But I am the chair and I can intervene—

Senator HENDERSON: Yes, but you don't have the right to stop me questioning.

CHAIR: I don't believe I ever have. I'd point out that commercial harm is one of the reasons, but I believe that in your response there was no claim for PII. We would have to have a look and see what that looks like.

Senator HENDERSON: Chair, could I just continue my questioning?

CHAIR: When I've finished, you can, yes, absolutely.

Senator HENDERSON: You don't have the call, Chair.

CHAIR: If we could just get that question and response so that we can actually look at the facts of what we're talking about?

Senator HENDERSON: Chair, I'm sorry. It's not in order for you to interrupt my questioning. I do have the call.

CHAIR: I am the chair and it is indeed within my bailiwick to do this. Enough said. Carry on.

Senator HENDERSON: No, it's not actually. You can regulate for the good order of the committee, but it's not appropriate to interrupt my questioning when I have the call.

CHAIR: Yes, it is.

Senator HENDERSON: Mr Graham, you have not answered the question. In fact, last time you took it on notice and now, in your response to the question on notice, you have put forward, whatever your rationale is, it's in breach of the Senate's rules. If you have a claim for public interest immunity, then it's open to you to make that, but you have not made a claim. Perhaps you haven't made a claim because your claim doesn't stack up. As to expenditure of Australia Post—I am very suspicious about this contract. If it was a normal contract within the realms of what you would ordinarily pay a contractor for 15 months work, I don't think it would be very controversial and you would have disclosed it. If it was \$100,000, \$150,000 or \$200,000, in that ballpark, you would have disclosed it. But my sources tell me that this contract is closer to \$750,000 over 15 months; is that correct?

CHAIR: Would you like to cite your sources?

Senator HENDERSON: No, I don't need to cite my sources. Chair, that's most inappropriate. Please don't interrupt me.

CHAIR: It is not. A number of times you've required people to cite their sources. I think that we should look at the question, we should look at the response, and we should look at whether a public interest immunity claim is appropriate.

Senator HENDERSON: Chair, you're out of order. On a point of order—

CHAIR: Please carry on with your questions.

Senator HENDERSON: Your intervention is out of order. You are interrupting my proper questioning of the witness, and I would ask you to desist. Mr Graham, my sources indicate that this contract is closer to \$750,000 over 15 months. Is that correct?

Mr Graham: That is a gross exaggeration of the amount of the contract.

Senator HENDERSON: Can you tell me what the contract is worth?

Mr Graham: As I've responded before, we believe that disclosing that would be commercially sensitive. We will take the question on notice again and further consider our response. In light of the nomination of the chair to look at whether or not a public interest claim is relevant, we will take that on notice and further consider it. I can reassure you that we followed all our normal practices in validating the fair value of this contract, the value for money for Australia Post. We take every single dollar that we spend very seriously and ensure that dollar is well

spent, and that amount you mention is a gross exaggeration of the amount we actually pay. This contract is also terminable on at a 28-day period, and we continue to review that on a rolling 28 days.

Senator HENDERSON: That's what's been suggested to me. Is it in a band of \$500,000 to \$750,000?

Mr Graham: Another gross exaggeration.

Senator HENDERSON: I'm asking you.

Mr Graham: As I said, I've responded to this question in the past.

Senator HENDERSON: If I've got it wrong, then please give me the right answer.

Mr Graham: As I said, we have responded to this in the past. This is a commercially sensitive matter. We will take the question again on notice and review our position as to the disclosure of any or all information in relation to this contract.

Senator HENDERSON: I would ask that you pay very close attention to the rules of the Senate, because your answer to my question on notice was absolutely improper.

CHAIR: I'll ask you not to reflect on the witnesses, Senator Henderson.

Senator HENDERSON: Chair, on a point of order.

CHAIR: Yes?

Senator HENDERSON: It is open to me to question a witness if they haven't complied with the rules of the Senate.

CHAIR: That was not my point.

Senator HENDERSON: I am not doing anything inappropriate other than raising serious concerns about the improper way in which this question has been answered. Mr Graham, I'll look forward to the further information. If I could ask you to urgently consider this matter and, if possible, if you can provide the committee with this additional information today?

Mr Graham: We will make our best endeavours.

Senator HENDERSON: It's been with you since February.

Mr Graham: And we have responded.

Senator HENDERSON: I just want to go to your opening statement. Can I ask, who drafted that statement?

Mr Graham: It was drafted by myself and in conjunction with our government affairs team. I prefer to self-draft, because it's the rhythm of my voice and it works out best that way.

Senator HENDERSON: Are you able to provide me with the draft copies of your opening statement as well to provide to the committee?

Mr Graham: I don't see what the relevance would be. They're on my home computer. We make a number of iterative drafts based on—

Senator HENDERSON: If you could just provide the drafts of your opening statement and any correspondence that you've had with the minister's office in relation to your opening statement? So, any emails or messages—

Mr Graham: There's been no correspondence and we've obviously provided or will provide the minister with a draft or with our final opening statement as we normally do, as we've provided at Senate estimates. I do not see what value would be derived from providing draft copies. However, if you wish to receive them, we'll happily provide them.

Senator HENDERSON: Thank you very much, Mr Graham. It is relevant. It's not open to you to question the relevance if it's in order, and it is in order for me to ask for copies of the draft opening statement. The reason I raised concerns about your opening statement is I believe, and based on your public statements, that Australia Post is building an insidious narrative to target rural and regional Australia. The narrative that you are building, the letters business is collapsing, and with these businesses in rural and regional Australia you're starting to send out signals that we might incorporate some of our services into local newsagents and the likes, indicates that, similar to what Mr Fahour tried to do in 2014, you are looking, and the government is looking, squarely at rural and regional Australia to make your savings. I would put to you, Mr Graham, that is fundamentally unacceptable. The local post office and the services they provide in rural and regional communities are the lifeblood of those communities. I would put to you that Australia Post should be doing everything to build your services in rural and regional Australia and not destroy those services or reduce those services.

Mr Graham: I couldn't agree more with you.

CHAIR: Will we take that as a comment, Senator?

Senator HENDERSON: No, I'd ask for your response to that.

Mr Graham: I couldn't agree more with you. Indeed, my opening statement and every public address I have made on the future of Australia Post has reinforced and reiterated our commitment to regional and rural Australia. As I said in the last response to Senator Cadell, it is part of who we are; it is part of our DNA. We will always be present in regional and rural Australia. I can't understand how you would misinterpret that. Closing post offices in regional and rural Australia would not save Australia Post any money. These are small businesses. They would close. They would hand back their licence. We would not save any money as Australia Post in doing that. What would suffer is the community, and first and foremost our priority is to ensure those communities are serviced with the needs they have. Those needs are changing. People are not frequenting our post offices as frequently as they used to. Digitisation is taking the place of what would traditionally be over-the-counter services. But we are seeing things like Bank@Post and obviously the growth of our parcel business. We are absolutely committed, and I am personally committed, to ensuring that we have a presence in regional and rural Australia. As I say, our job is to try and preserve the network to ensure that we are meeting the needs of these communities long into the future, but those needs are changing and we need to recognise the economic reality of that. But we are working with those business owners to increase payments to them to ensure that wages and the cost inputs they have are related back to CPI, and we continue to work with them to adapt and implement a range of additional services and products that they can sell to help make them more viable. Nothing could be more important to us than to ensure that these services are maintained.

Senator HENDERSON: Mr Graham—

CHAIR: We're going to rotate the call; if this could be your last question.

Senator HENDERSON: Yes. I have more questions, Chair.

CHAIR: We'll come back to you.

Senator HENDERSON: Mr Graham, I'm not misinterpreting what you say. My question to you is: having a presence in rural and regional Australia is very different from investing heavily in rural and regional Australia and building your network and building the services for those who live in rural and regional Australia, which after all, let's face it, is one third of all Australians, such that they have the services they deserve. As I say, your narrative, Mr Graham, would suggest this is led by a minister who is representing western Sydney, her local electorate, and led by what I believe—this is my comment—is a city-centric federal government. We are very concerned on our side, the coalition, that you are looking towards rural and regional Australia and the letters business to target those critical services and communities. I've got a whole range of questions in relation to this matter, but I might break here so the chair can share the call and I will come back to you.

CHAIR: Mr Graham, there's been a range of assertions made there. I wonder if I could just check some facts with you?

Mr Graham: Certainly.

CHAIR: What has been the trajectory of the various services provided by Australia Post over the last 5-10 years in terms of the volume of mail and parcels and anything else that you think is relevant; if you could just take us through what that trajectory has been? I know you've talked to us about this in previous estimates, but maybe a reminder for some of the other committee members might be a useful piece, in terms of where your business is heading?

Mr Graham: As I mentioned, in terms of the growth that we saw during COVID of our parcel business, that has been a strongly growing area of our business and we continue to invest heavily in that, both in metropolitan as well as in regional and rural Australia. We opened our new Shepparton parcel facility recently. We have seen a decline in mail, a 50 per cent decline over the last 5-7 years, and we see ongoing decline in mail as digitisation takes place. We are seeing an ongoing decline in what we regard as over-the-counter services, particularly bill payment or other services that were I guess manual or paper based that have now been replaced by digital or online services, predominantly by state and federal governments. We have seen an increase in our Bank@Post, obviously, particularly in those areas where banks have closed down. We do get a growth spurt when a bank closes for a period of, it seems to be, about two to two and a half years, and then it levels out as those people go online or do use digital services. It is a mixed situation. Each town, as I say, is reasonably unique in growth. If we mention Orange, for example, or the 'Double Bay of the West' as it's now called, we have seen a growth spurt in that community because of people moving to Orange during COVID. We've seen heightened activity for in particular our parcel services. In other geographies we've seen a decline. It is a community-by-community

approach that we take and we try to make sure that we reflect the services and needs of those individual communities.

CHAIR: Fantastic. I would just like to express thanks for the services that your post office in Coober Pedy has provided to support a community whose bank moved out with very limited notice. I've had some really positive feedback about how helpful the staff were in terms of dealing with what is a difficult situation for that community. Thank you, Mr Graham. If you could pass that on, I would be very grateful.

Mr Graham: Thank you. I will. That is much appreciated.

CHAIR: Senator Cadell.

Senator CADELL: Coming back to the concept stores—you said Geraldton was another one? Was it Williamstown in Victoria?

Mr Graham: Williamstown, Victoria and Geraldton for a community hub concept.

Senator CADELL: What is the assessment period to look at how they go before there will be other decisions about a further rollout, or are we committed to this path as we refit going forward? What's the assessment period?

Mr Graham: As with any new format, we will run this for probably a period of a year at least, 18 months, to validate. Certainly the excitement that we're seeing from the local community in Orange gives us a strong indication that this will be successful. We have very good support from the local chamber of commerce and the local council. But that's why we've picked a variety of different locations, so that we can actually test and validate the format. We'll continue to tweak that format to ensure that it's relevant and it meets the needs of those local towns. We do a very detailed assessment on demographics. We do surveys in the local community, working with the local chamber of commerce to understand what services have left the town, what services may leave and how we can fill that gap. But I do believe that we've identified probably about 150 to 170 regional towns where we believe a Community Hub could work effectively, and that's primarily where the banks have either gone or have indicated they will go. We also have, as I say, general merchandising retailers like Kmart or Target who have also pulled out, where there are no Services Australia or other government agencies available, and we think our Community Hub at post concept will be a direct investment into regional and rural Australia for future services in those communities.

Senator CADELL: Orange is a very cosmopolitan regional town.

Mr Graham: It is.

Senator CADELL: It has beautiful streets, promenades—all those sorts of things. It's a little different from more remote towns. You've just said 150-170. Beyond the Nutbush city limits, when are we going to put these in smaller towns?

Mr Graham: As I said in my response, Orange is not the ideal town. We just happened to have the post office available. It had been mixed-use tenancies. It was sitting there, and we took the opportunity to restore it. The people of Orange are very proud of the post office building. But we are looking as part of our review process at all formats for all towns and particularly these smaller facilities. A range of services are under threat in communities, not just post offices and banks but also newsagents as people read and buy fewer magazines and newspapers; chemists also. We are working through the community to understand the range of services they need. Our goal would be to remain in those communities providing a broad range of services in formats that make sense to the community in relation to providing them with a great customer experience but also make sense commercially so that they are viable for Australia Post or whatever other partnership we may enter into.

Senator CADELL: The businesses stock some local business goods and so on in the shops?

Mr Graham: Correct.

Senator CADELL: Are there selection criteria for that? What are the criteria? How are the stockists in these hubs selected?

Mr Graham: Orange is a good example of the criteria we look at. We have a bigger retail footprint in that post office. What we are going to showcase is local products. Orange is a large tourist area and people do come into the post office. So, it could be wine, food, handicrafts and other things produced in the local community, and it could be either small businesses that are online looking to grow their online presence or specifically companies that are not online and wish to develop an online presence so people can come into the store, buy the product, have it shipped by Australia Post and that then gives the small business the opportunity to build an online presence through Australia Post.

Senator CADELL: As to value-adds like the changerooms and all of these things we're putting in, do you think that's a market driver for increased market share for delivery through Australia Post; you'll offer more than competitors? Is that itself an innovative market measure versus just that we're putting it in?

Mr Graham: In relation to our parcel business, it's probably not going to move the dial in terms of our market share, because we're already servicing those communities. What we're really trying to do is fill the gap of services or availability of product that is not going to be available or has been removed from that town. This is a community service to a degree, but we're also wanting to make sure that it's commercially viable for the licensee or indeed for Australia Post if it is a corporate post office.

CHAIR: Is everyone okay with the media taking photos? Yes? Excellent. Senator Payman.

Senator PAYMAN: Mr Graham, last year the government and Australia Post announced a new Pacific postal development partnership to strengthen postal services in the Pacific. That is simply the best, if I may say so. How will this partnership enable a coordinated approach to regional postal development supporting Pacific Island countries to continue modernising their postal services?

Mr Graham: Yes, we are participating with the Commonwealth in relation to helping support the development of services and the modernisation of postal operations in the Pacific Islands. We have worked with the Pacific Islands. We've had a small number of our team members there on the ground understanding their needs, and we have put together a range of both equipment and other training modules that we will be sending to the Pacific Islands to help them modernise their postal services, and to also help them train in new technology and new processes, and also encourage them to send their people to Australia to observe and to gain experience in what obviously a much larger postal network provides.

Senator PAYMAN: What are some practical examples that you'd like to share with us of the areas Australia Post is working with its Pacific partners, for example, in providing training or equipment?

Mr Graham: Safety is a big focus for Australia Post. I think we have a leadership role in our operations. We are providing our online training capability. We're providing the various modules that we have developed, also practical face-to-face training in relation to safety and operational processes. We also will be sending some of our equipment, some of our motorbikes and other delivery vehicles to assist, particularly in rural areas of the Pacific Islands or difficult areas to transition from an on-foot to a motorbike service, which will increase the speed of that service, increase efficiency and also provide safer mechanisms for delivery.

CHAIR: Senator Henderson.

Senator HENDERSON: Mr Graham, I just wanted to return to the concerns that I raised about the narrative you're building, which I think is focused squarely on cutting services in rural and regional Australia. I might just on that note move to the Assistant Minister. I refer to a social media post made by Minister Rowland, the shadow minister then, back on 16 June 2020. She stated:

Today Labor will seek to disallow Scott Morrison's unfair Australia Post regulation changes that place one in four postie jobs at risk.

In light of the Australia Post modernisation plan and the minister's previous concerns about lost jobs, the booming parcel deliveries and the opportunities this presents, why are you now endorsing a modernisation plan which seems to be targeting rural and regional Australia?

Senator Carol Brown: I completely reject, of course, your statement about targeting regional and rural Australia.

Senator HENDERSON: That's what the modernisation plan is all about, isn't it?

Senator Carol Brown: No. The goal of the modernisation plan is to support Australia Post to remain sustainable for the long term, and it also goes to securing well-paying jobs for our posties. We've all got stories about post offices that are being supported in rural and regional areas. Down in Alonnah on Bruny Island the general store operates postal and banking services. But to answer your question particularly, the government sees it as critical that the modernisation options include ways to ensure businesses remain viable in rural and regional areas, absolutely. I'm glad to be able to put you at ease, because I completely reject the way you're seeking to categorise the modernisation process. It's been a process, I think, that has been well participated in. There have been, I think, over 1,000 people who have made submissions, including Australia Post, of course.

Senator HENDERSON: Assistant Minister, thank you, I'm pleased to hear your concern for post offices in rural and regional Australia, including in Tasmania. Can I ask whether the government will guarantee that no regional post offices will close and there will be no lost jobs in regional Australia?

Senator Carol Brown: As I said, we are absolutely focused on, and we see this as critically important as we go through the modernisation process, these businesses remaining viable. Because as we've heard here this morning, and as we all know, they provide a range of essential services.

Senator HENDERSON: Can I ask you to address my question, though.

Senator Carol Brown: I did address your question.

Senator HENDERSON: Can you guarantee there will be no lost jobs in regional Australia?

Senator Carol Brown: I did address your question.

Senator HENDERSON: No, I'm asking for a guarantee.

Senator Carol Brown: I'm saying that the government is going through the modernisation process and, with that, it has a clear eye on rural and regional Australia and supporting those essential services that are operating.

Senator HENDERSON: One more time, could I ask you whether you are prepared to guarantee that there will be no lost jobs in regional Australia as a result of this so-called modernisation review, which I think is a real attack on rural and regional Australian services?

Senator Carol Brown: For me, it would be really disappointing to be taken out of what I'm saying to you that message to rural and regional areas. The whole aim and objective of the modernisation process is, as I've already said, to support the future of Australia Post. Our goal is to ensure it remains sustainable in the long term. The government understands and acknowledges it is critical that the modernisation options include ways to ensure that businesses, particularly in rural and regional areas, continue to provide a range of essential services.

Senator HENDERSON: I note that you declined to give that guarantee, Assistant Minister. Minister Rowland, back in 2020, said that Labor would be opposing any cuts to services to posties. What's your position on that now?

Senator Carol Brown: I've just outlined—

Senator HENDERSON: No, you haven't. This is a different question. Could I ask you to address that question?

Senator Carol Brown: I've just outlined what the modernisation process is. There have been no decisions made on the reforms.

Senator HENDERSON: No, that wasn't my question. My question was: back in 2020, Minister Rowland, then the shadow communications minister, was vowing that Labor would oppose cuts to any Australia Post jobs. So, is that still your position now?

Senator Carol Brown: The modernisation process goes to supporting Australia Post and ensuring that our posties will have secure and well-paying jobs.

Senator HENDERSON: Mr Graham, are you able to give that guarantee as to Australia Post jobs in regional Australia?

Mr Graham: Thank you for your question.

Senator HENDERSON: To both the Assistant Minister and to you, Mr Graham, could I ask you to keep your answers a bit shorter and more direct, because we've only got limited time.

CHAIR: Senator Henderson, in the same way that you get to ask the questions you would like, it is up to the witness to answer the question in the manner that they see fit.

Senator HENDERSON: Yes, but I'm asking that the answers be truncated.

Mr Graham: I think one of the key things to note is that the vast majority of our post offices in regional and rural Australia are owned by small businesses. Australia Post does not have control over those small businesses. If those small businesses decide, for whatever reason—for retirement, ill health or economic reasons—to give up that licence, that is their decision. What we would do in that case, and that we do on an ongoing basis, is look to find an alternative for the use of that licence, and to ensure that the services in that community are maintained. But it is difficult for us to make a guarantee on another person's business.

Senator HENDERSON: Mr Graham, Australia Post has complete control over the viability of LPOs. For instance, currently Australia Post is refusing to allow post offices in regional Australia owned by mums and dads and families all across this country to accept parcels from other Australian carriers. Why would you stop post offices from accepting parcels from other carriers, which would add to their viability and profitability?

Mr Graham: Let me correct you. Firstly, the vast majority are not Australian carriers; they are foreign owned companies, and overseas postal operators and private equity.

Senator HENDERSON: No, I'm asking Australian carriers.

Mr Graham: Indeed, these post offices do provide services to those competitors. We have tens of millions of parcels that we handle on behalf of our competitors on an annual basis that go into those post offices every single day, and we charge a commercial fee for the use of that. Likewise, we as Australia Post also use the services of some of our competitors in places where we don't have capability. We currently today handle over 80 competitors in that network. Our network is open, and those fees flow directly to those licensee and our corporate post offices.

CHAIR: Last question.

Senator HENDERSON: I'll need to come back.

CHAIR: Certainly.

Senator HENDERSON: That is not correct; your post offices are not completely open to Australian competitors. You are stopping a number of your competitors from delivering in the last mile and accepting at the post office. If you live in rural and regional Australia and you have a nominated address, whether it's medicines or other sensitive parcels or if there's a business on the street and you cannot leave a parcel, the best way for a company to send a parcel to a person is to leave it at the post office. You are currently denying your competitors in Australia the ability to deliver to that last mile. Isn't that the case, and why are you doing so when, if you opened up your services, you would add to the profitability and viability of LPOs?

Mr Graham: I would challenge that assertion. Our market is open. Those competitors have the ability to make their own investments to create their own last mile network. We have many competitors who provide last-mile solutions, companies like HUBBED and Parcelpoint, which allow those competitors to use those last-mile services, not Australia Post, and they make that commercial choice. As I say, we handle tens of millions of parcels every year for our competitors. What you have to understand is this is a pitch made, I believe, publicly by one competitor only. This is again a company owned by private equity who wishes really to tackle our domestic volume in our metropolitan areas by being able to offer a national network. This is an incredibly competitive business. Australia Post today has a competitive advantage because of the network that has been built by the Australian taxpayer over many years. We provide an excellent service to rural and regional Australia, and indeed the parcel network that we provide enables us to ensure the sustainability of many of our licensed post offices and post offices. The network is open for a commercial fee, which is competitive, and that's why we handle tens of millions of parcels every year.

Senator HENDERSON: I have one follow-up question and then I will hand over. I don't accept that you've been completely transparent about this.

Mr Graham: I deny that.

CHAIR: I will, once again, Senator Henderson, ask you to refrain from reflecting on the witnesses.

Senator HENDERSON: There are a number of companies that have sought the last-mile access to your post offices. You are denying their access, such that Australians using their service can't deliver to the LPOs, and of course there would be a fee paid by that carrier, and the LPO would receive revenue for every additional parcel delivered. This is a big possible additional pool of revenue—

Mr Graham: I would challenge that.

Senator HENDERSON: to your post offices and also builds on your network. Are you able to provide to the committee copies of correspondence from those Australian competitors in relation to requests for open access and any responses that you have provided, as well as any other submissions that you've made to the ACCC? As I see it, Mr Graham—and I'd be keen to get your response on this—your conduct is quite anticompetitive and this is rightly an issue that perhaps could be considered by the ACCC.

CHAIR: Senator Henderson, I am going to take issue with the continued accusations against the witness, unless you're going to provide some form of evidence.

Senator HENDERSON: Chair, on a point of order—I am totally entitled to challenge the witness and ask the witness questions. I am not entitled to hand over any document or provide any source, unless I'm tabling a document. So, please do not reflect on my questioning, which is completely in order.

CHAIR: I would disagree.

Senator HENDERSON: You may disagree.

CHAIR: Indeed.

Senator HENDERSON: But you are not intervening in accordance with the standing orders. I would ask you to desist from doing so. Mr Graham, what do you say—

CHAIR: I will ask you to cease reflecting on the witness, unless you're going to provide some sort of evidence, and we go back to this situation of having a backwards and forwards scenario with your opinions.

Senator HENDERSON: You are out of line and you are not ruling in accordance with the standing orders. I would ask you to desist from doing so.

CHAIR: Last question, Senator Henderson.

Senator HENDERSON: Going back to my question about the ACCC, and the anticompetitive nature of this practice, could you provide all of that correspondence, including any correspondence that you've had with the ACCC in relation to this matter, and including any correspondence that you've had from the licensed post office network about their pleas for open access? In terms of my last question to you: could I ask you to respond to my contention and my question to you that this is anticompetitive conduct which is hurting licensed post offices?

Mr Graham: I would challenge that vigorously. As I say, we have tens of millions of parcels we handle every year for our competitors. This is a very competitive industry. As I said, this is a ploy by a particular competitor who happens to have made that submission public. What they want to do is to be able to access our metropolitan volume. They want to be able to tackle Australia Post's viability. The fees that we get from the tens of millions of parcels we handle everyday flow directly into those licensed post offices. The analysis that we have done and continue to do as part of our competitive benchmarking shows that there would be very little benefit to licensees, and indeed the loss of market share particularly in metropolitan areas that may be suffered by Australia Post would have a detrimental impact on the future of Australia Post. We are not anticompetitive. We handle tens of millions of parcels every year for our competitors and, likewise, we give our competitors business where it makes sense to commercially do so.

CHAIR: I have a question. Mr Graham, I'm not sure that you're going to be able to answer this question but, Mr Windeyer, you may. In terms of how the review has been going, obviously you've thrown it open; you were very clear with us, Mr Graham, at our last session about the issues that were being faced and your role as a provider. We heard earlier that there are over a thousand submissions to that; is that correct, Mr Windeyer?

Mr Windeyer: Just bear with me and I'll see if I have the number. There certainly have been a very large number of submissions that we have received. Yes, that's correct. The numbers I have are that around a thousand submissions and responses have been received by the closing point of 27 April.

CHAIR: I am tempted to ask you what was in there, but I'm pretty confident you can't tell me, and I'm pretty confident that Mr Graham doesn't have access to that given it's a departmental process; is that right?

Mr Windeyer: It is a departmental process; that is correct. Australia Post is obviously a very important stakeholder in the process, but it is a process being run by the department; that's correct.

CHAIR: I'm sure there's a variety of views in that significant number of submissions. It's good to see so many people engaged in the process of the future of Australia Post. Say, for example, there were half a dozen popcorn providers who decided they wanted to sell popcorn out of Australia Post. Would you deem that as something you must do because it would be anticompetitive not to?

Mr Windeyer: From the government's perspective, we wouldn't be in the business of mandating or requiring particular things to be sold or otherwise at Australia Post and it would be a matter for Australia Post to decide whether in a competitive market that was a business that they thought they could operate in, consistent with the so-called commercial freedoms that exist around Australia Post.

CHAIR: Maybe you could step us through those, Mr Graham? Your approach to—

Mr Graham: We get approached all the time in relation to different products and different services. We make an assessment as to the viability of those products and services, and obviously the attractiveness from a commercial viewpoint as well as to serve the needs of the community. If we think that it is a viable product, like our broadband product, for example, that we do in conjunction with NBN, we launch that product, as any brand would do, and we then gauge the commercial uptake of that product and decide if it's something that will remain as part of our product portfolio or indeed it's something that we tried but it didn't work for whatever reason and therefore we withdraw it after a period of time. It's a very normal commercial retail process that we undertake.

CHAIR: Senator Cadell.

Senator CADELL: On the same competition issue, in the bush, in the country, say a lawyer sets up in a country town and goes broke; they'll both make money, because of competition. Can I ask what private equity firm wants access to it or what other competitor?

Mr Graham: It's been publicly stated that Toll Global Express has put out a media release around requesting access to Australia Post's last mile, saying that this would be more sustainable. I can't understand what would be

more sustainable from an environmental viewpoint. We have two trucks delivering to Charters Towers rather than one. But obviously they're entitled, as any competitor is, to state their position, and we are entitled to respond to that position.

Senator CADELL: What sort of market share do they have at the moment?

Mr Graham: They have a small market share nationally and have a very small market share and a very small presence in regional and rural Australia. They are owned by private equity. Again, I encourage anyone who wishes to provide services to rural, regional and remote Australia, if they feel that they can do a better job, then put their investment on the table and make that investment.

Senator CADELL: Just for context, have they ever put a financial offer to you to use last mile?

Mr Graham: We handle business for them today. We give them business as well. We are an open network handling tens of millions of parcels every single day.

Senator CADELL: But have they ever put a financial offer for last mile to you?

Mr Graham: We continue to have dialogue with them in relation to the services they wish to use of Australia Post and, likewise, the services that we use of their business, and that's an ongoing commercial arrangement that has a dialogue that will continue.

Senator CADELL: I'm not going one way or the other, I'm just trying to get some context. They have never put a financial offer or you've never put a financial offer to them for access to last mile?

Mr Graham: There has never been a formal offer on the table. There continues to be ongoing dialogue. I think one of the things that is important to understand is that this is not a simple process. We already have our post offices dealing with large volumes of parcels. This would require not just a physical process, it would require the implementation of technology to be able to update systems. You can imagine if we had multiple competitors on that last mile investing in lots of systems and the post office having to update various systems; it's not a straightforward process, but we will look to continue on any proposition that actually provides advantage to Australia Post or its licensees. But our firm view is that this is not to the advantage of Australia Post or its licensees.

Senator CADELL: Lastly, on your regional licensed business and so on, I've been in different ones in different towns. There are a lot of different product offerings. Is there any consolidation? Some have lotteries and some don't have lotteries. Some have magazines. They're all different. Is there any consolidation in Australia Post to try to get a wider range of more balanced products?

Mr Graham: That's a good question. We have completely revamped our merchandising approach. Our licence agreement with the licensees does not restrict them in selling other products. We see everything under the sun being sold sometimes in some of those licensees from pot plants to jewellery and a whole range of different things. What we have done is provide a more streamlined range of products that we know sell well, because we've got the data, and we have also improved our ability to make those products available online and streamlined our supply chain delivery into those post offices to make them more competitive and also to ensure that they get better margins through the leveraged buying of the consolidated network.

Senator CADELL: Okay, thank you.

CHAIR: Senator Henderson has a series of further questions. As I always do, I will ask you to put on notice what you can but ask what you need to, and we'll advise further witnesses that we are now running late.

Senator HENDERSON: Mr Graham, I just want to move to your financial results as published in the last annual report, because the story that you're telling us about letters isn't reflected in your numbers. One of the biggest concerns that I have is this massive increase in supplier costs in parcels and services costs. We're seeing a very substantial increase in those costs. Supply costs are up \$1.4 billion over two years. Could you explain that? That's not leading—we're not seeing a corresponding increase in profitability. That is an alarming increase in your costs. They have nothing, as I understand, to do with letters. They're very focused on your outsourcing contracts, on your contractors and on your parcel delivery business. How could you add such enormous costs in two years and not see a corresponding increase in profitability?

Mr Graham: Senator, thank you for your question. It's called COVID. We had a significant increase in our parcel business, up 68 per cent during that period. That obviously takes significantly more labour, more transportation, more aeroplanes and more fuel. We were able to provide services to the community, both remote, rural, regional and metropolitan, at times when no-one else was available. We are proud of the job that we did during that period. Those costs are associated with a particular boom that we saw in our parcel business. We also were able to provide our frontline team members with a full CPI of 6.1 per cent pay increase to ensure that they

were able to manage the cost increases that we are seeing in this inflationary environment. We focus on our cost rigorously and we have good systems and processes in place to make sure that we run an efficient network. But it's fair to say that during COVID we threw everything that we could to make sure that deliveries were happening every day in the community, and those costs were related to that significant boom that we saw in parcels. A 68 per cent increase over that two-year period had a significant strain on our network. We did put cost aside for a period to ensure that the community was receiving goods and services in one of the most difficult periods of Australian history.

Senator HENDERSON: One of the great hallmarks of the work that the former coalition government did with Australia Post was to invest in your postie network. The posties were actually delivering about half of all parcels. Could you update the committee on what posties are now doing with respect to parcel delivery?

Mr Graham: We continue to evolve our network delivery processes. Obviously, with mail declining and parcels increasing, we continue to look at the most optimum solution. We currently have, for example, a trial underway in Hornsby, in the northern suburbs of Sydney, to look at how we continue to blend our delivery network to ensure that we meet the needs of our service commitments both on mail and parcels to those communities; that we also ensure that we have good, well-paying jobs that will be consistently available for our posties and frontline team members; and that the blending of more parcels and mail is also able to be done within a reasonable time frame and to not put additional burden onto the postie.

Senator HENDERSON: Are you able to provide the breakdown of all those statistics now? I'm keen to understand the very valuable role that posties are playing in your network with respect to parcels. Do you have any of that specific information available now?

Mr Graham: I don't have that in front of me. I'm happy to take that on notice and provide that to you as quickly as I can.

Senator HENDERSON: In terms of those additional supply costs of 1.4 billion, I mean, that's a very substantial increase overall. But you're still incurring those costs, aren't you?

Mr Graham: Those costs have abated. For example, our support centre costs are now back to what they were pre COVID. We still have, obviously, an increase overall in our operational costs caused by wage inflation and, obviously, the increase of cost of fuel, the rollout of additional facilities and the investment that we've made in our automation. So \$1 billion of investment in our network over the last three years, obviously, starts to hit the balance sheet and it starts to be depreciated. Therefore, that cost is reflected in our P and L and that will be reflected in our annual report when we produce it in October this year.

Senator HENDERSON: In terms of these supply costs, are you able to provide the committee—there hasn't been any significant change in the letters business in the last couple of years. But the big standout in terms of your actual numbers is the enormous additional costs in parcels and services without the corresponding—we're not seeing the corresponding profitability, despite that massive increase in expense in your annual report. That's really concerning. That doesn't line up with the narrative that this is all the fault of letters. You've got supply costs up 1.4 billion over two years and your parcels and services revenues went up by 31 per cent. So we're not seeing that—understanding in your numbers why you're incurring such massive costs in arguably what is the most profitable part of your business. We're not seeing that corresponding profitability. So could you explain to the committee what that is made up of—that \$1.4 billion of your supply costs as set out in your annual report?

Mr Graham: We will take that on notice and provide a breakdown. But I would challenge your assertion around 'no movement in the mail business'. We continue to see a significant decline in our mail business. Our prediction, for example, for the next financial year is that our mail revenue will drop another \$200 million. I would call that a significant number. The costs that you talk about are also related not just to our parcel business but also to our mail business. We are delivering to 200,000 more delivery points this year than we did last year for our mail business. So that cost is an additional cost in our P and L. This is because we have a regulatory obligation to deliver to every household. We add about 200,000 new dwellings every year. That's what I reflected in my opening statement—that we are spending more and more money to deliver to fewer and fewer households. So those cost increases in our mail business are real. The reduction in revenue is real. That is what led to a \$189 million loss in our letter business for the first six months. That is a real number and will be fully rounded up in our annual result that we will produce in our annual report in October.

Senator HENDERSON: And so that's going to be—because one of the issues is we haven't seen your latest annual report.

Mr Graham: Correct.

Senator HENDERSON: And that's being handed down in October.

Mr Graham: We will produce that at the end of the financial year. We get sign-off from our audit in August and September and then we produce the annual report. We provide one of the most transparent annual reports on record in relation to the operations of our business.

Senator HENDERSON: In the parcels and services business, your revenue is \$7.8 billion. I'm looking at page 112 of your annual report. But your expenses are \$8.8 billion. So your expenses on that line item are outweighing your profitability. I mean, that is a huge difference. That's the big story out of your annual report in 2022—expenses of \$8.8 billion. I'm very keen to understand a breakdown of those expenses, because they are not detailed enough, I guess, in your annual report. Can you provide the committee with an understanding and a detailed breakdown of those expenses and your revenues so we can start to see the full story of what's going wrong, because it seems to me that, with such massive increase in parcels—and, yes, Australia Post absolutely stepped up during COVID. But, based on these numbers, your biggest challenge is actually the enormous expenses that you're occurring in your parcels and services business.

Mr Graham: I don't believe that's the case, Senator. I think, as you say, in context of the FY22 financial year, which that annual report refers to, it was an extraordinary year for Australia Post. It was COVID related. We implemented 75 pop-up distribution centres during that period. That was a significant additional cost to allow us to service the community. We also implemented the first of the CPI wage increases, as part of our new enterprise bargaining agreement, of 6.1 per cent. But we'll happily give you the breakdown of both the revenue as well as the costs. But, like any business, it's fair to say that we are incurring significantly increased costs through CPI, both in terms of wage growth as well as supply costs that are coming to us with CPI increases at that period of time—record fuel costs as well. But our intent very much during the FY22 period was to service the community first and then look at our P and L second.

Senator HENDERSON: I'm really keen to understand the role of the postie in carrying parcels, because it appears that they are cross-subsidising the parcels business.

Mr Graham: That's not correct, Senator. We separate both the mail costs and the parcel costs. Obviously, it is a change in landscape and in certain areas posties will be involved in both. But we do allocate those costs according to a prescribed form that actually comes out of, I believe, the ACCC. So there's a prescribed form where we allocate those costs. Again, we're happy to provide you with that detailed breakdown and actually spend time with you to walk you through how those accounts are built and how those costs are allocated.

Senator HENDERSON: It would be great to have greater transparency in relation to some of these costs, because they are really very significant. So you're saying that there's—

CHAIR: Sorry, I've been waiting for an appropriate moment to step in. Of course, you can ask your questions in whatever manner you like, but I wonder if, in the same vein as you asking Mr Graham to be more pithy, I wonder if you could be a little bit more pithy as well, if you don't mind.

Senator HENDERSON: Chair, I'm not quite sure what you mean. I'm getting through my questions as quickly as I possibly can, but thank you very much for your guidance. Just to be clear, my understanding up until the last time I received this information is that posties are carrying about 50 per cent of all parcels.

Mr Graham: That's not correct, Senator, no.

Senator HENDERSON: That was my understanding up until a recent time.

Mr Graham: We'll provide you with an update.

Senator HENDERSON: Do you have that figure?

Mr Graham: I don't have it in front of me, but we'll provide that split.

Senator HENDERSON: Am I far off?

Mr Graham: Yes, significantly.

Senator HENDERSON: Right. That's what was occurring during COVID. So that's now been adjusted, has it? Are you able to provide those figures immediately or does someone in the room or someone else have those figures? That's a pretty fundamental part of your operation that I thought you would know.

Mr Macdonald: We will take that question on notice and we will seek to give an expedited response, but we don't have that information with us.

Senator HENDERSON: When you are looking at your letters business, do all of the costs of the postie network sit within the letters business?

Mr Graham: They get attributed to the portion of work they do in the letters business. We have an allocation of costs. So, if we have a situation where there is a round that a postie does both some parcels as well as mail, we

will allocate the costs accordingly to those businesses. That is a formula that is regulated or is overseen by the ACCC.

Senator HENDERSON: What do you allocate per parcel delivered?

Mr Graham: The cost varies depending on—

Senator HENDERSON: As a notional cost.

Mr Graham: the region, depending on the line haul cost and depending on a mix of variables. But it's a very prescribed formula that goes into the allocation of those costs.

Senator HENDERSON: Are you able to give the notional cost allocated to each parcel?

Mr Graham: We will provide that. We'll take that on notice.

Senator HENDERSON: So all of those costs are attributed to your parcels business?

Mr Graham: They get split depending on the ratio of mail and parcels. They are fairly allocated depending on the split.

Senator HENDERSON: Is there any other information, Mr Macdonald, that you're able to provide? You're the general counsel.

Mr Macdonald: I'm the corporate secretary, Senator.

Senator HENDERSON: In relation to the parcels and services business, both on the revenue side and on the expenditure side?

Mr Macdonald: I've got no additional information to provide, but we will take that question on notice, including your request for information about the allocation of costs. We will need to be mindful of any commercial sensitivities that relate to our parcels business in the course of that response, but we can call those out as we respond. But we thank you for those questions and we'll take them on notice.

Mr Graham: And, Senator, just in relation to letter revenue, you said it had not changed. In the first six months of this financial year, letter revenue declined by 5.7 per cent.

Senator HENDERSON: Are you able to provide the committee with the updated results? I'm looking at the 2022 annual report, obviously. Can you provide the committee with the most recent results?

Mr Graham: Yes, Senator. The most recent formal results that we have are our half-year results, which we will provide to you. Then the full results will be available as they pass audit in late August or early September, and they'll be contained in our annual report.

Mr Macdonald: So we don't publish—

Senator HENDERSON: In relation to your supplier costs, which, as I mentioned, are up \$1.4 billion over the last two years, are you able to give me a breakdown as to how they're apportioned as a percentage—the percentage of subcontractor costs? You've talked about particular specific costs in relation to the services you delivered during COVID, but I'm keen to understand, in relation to subcontractor, outsourced labour and other costs, including for the delivery of parcels, what those costs are, how many contracts are involved and whether those contracts are ongoing. If we can understand the ongoing costs that obviously Australia Post is bearing, that's also significant. Are you saying to me that, in relation to those supply costs, we're going to see a dramatic drop in the next annual report?

Mr Graham: No, Senator, I'd expect, with inflationary pressure as it is, with wages, fuel and other things, those costs will continue to come.

Senator HENDERSON: Those costs are going to continue? But I thought you were explaining those costs as a cause of COVID.

Mr Graham: No, Senator. We can separate out what we saw as the one-off costs associated with COVID, but our network costs have increased because we grew 68 per cent in a two-year period. That is just logical 101 economics. We continue to focus on managing our cost base very tightly. We have a mix of contractors, many of which have been with us for an extended period of time, who handle parcel contracts and delivery contracts, particularly in certain areas. We are obviously evolving the development of our network in relation to where there are rounds that could be suitable for a postie to also take some additional parcels that we work through with the posties in relation to that. It's a very dynamic and a very complex network, but I'm happy to spend time with you to walk you through how we look at our network costs, how we look at the apportionment of those costs in the network, and how we also look at the long-term investments we are making. As I say, over the last three years, we have spent a billion dollars in our network development. That cost has hit our balance sheet in terms of depreciation. But that is the right thing to do. It's the right thing to do to ensure our competitiveness. It's the right

thing to do to ensure that we are in a position in the next decade and beyond to service our customer needs. This is a business that will continue to grow, and we want to continue to enjoy that growth as Australia Post because it is one of the growth areas for our business and will help ensure our viability along with other reforms that we would seek in relation to the modernisation of Australia Post.

Senator HENDERSON: I'm quite concerned about what you've just told me. My understanding, in your earlier evidence, was that the massive increase in costs was due to COVID—\$1.4 billion extra in two years. Now we learn that we're not expecting to see any reduction post-COVID in those costs. So how could Australia Post lock in such substantial additional costs given we are now post-COVID?

Mr Graham: Because we saw a 16 per cent increase in our revenue. There are two sides of a balance sheet. There's costs and there's revenue.

Senator HENDERSON: But we're not seeing the corresponding uptick in profitability—

Mr Graham: We are seeing—

Senator HENDERSON: in your parcel business.

Mr Graham: Primarily because of our letter losses—again, that's a 5.7 per cent decline in the first six months and a \$189 million loss directly in our letter business. Our parcel business continues to grow. We continue to invest in that business. We invested in our network and we invested in our costs. Some of those costs were one-off COVID related. We can provide the breakdown. Those other costs are part of simply having 68 per cent more revenue in that period. When you have more parcels, you need more labour, you need more trucks and you spend more on fuel. That's normal 101 economics.

Senator HENDERSON: But hang on a minute. Your supply costs in the last two years went up 1.4 billion. That's 40 per cent. Yet your parcel and services revenues went up by 31 per cent. So we're not seeing the corresponding profitability in your parcels business as a result of this massive increase in expenditure.

Mr Graham: Again, of the expenditure, a number of those costs, as I say, were one-offs related to opening up 70-plus COVID related parcel depots. It is a very complicated financial network, and that's why we'll happily take it on notice and provide you with the detailed breakdown you've requested. We're happy to invest time walking you through how we approach the setup of our P and Ls—how we allocate costs; which costs are one-off and related to COVID; which costs will be ongoing, related to extensive investment in our network; and which costs are directly attributable to the increase in revenue that we have seen over the past two to three years.

Senator HENDERSON: I want to go to page 107 of your annual report. When you look at your expenses, despite all the pressures of COVID, your employee costs are fairly stable. In 2021, they were 3.2 billion, versus 2022, 3.3 billion. There are other costs that are fairly similar—financing and income tax. But your supplier costs are 4.6 billion in 2021 versus 5.4 billion in 2022. That is a massive jump. What I'm concerned about, Mr Graham, is that we're not seeing a corresponding jump in parcel services revenues. Now you're telling me that those expenses are baked in despite the fact that we no longer are in a COVID environment. It's not enough to say this is just because of inflation. We know, under this government, that inflation is high. It's shocking. Power is going up and fuel is going up. But it still doesn't explain how you could bake in such enormous costs. That is a massive jump in your annual report in those costs and you haven't explained it.

Mr Graham: Senator, I'm happy to take the time to walk you through it.

Senator HENDERSON: Could you walk us through it now briefly, please? It's not just fuel and—

Mr Graham: I don't have the detail in front of me, Senator.

Senator HENDERSON: Boy, oh boy. But this is your job. You're running Australia Post. You're in charge of revenues and you're in charge of expenses. When you've got this massive increase in expenses, Mr Graham, you really need to come prepared to give the committee the answers that we're seeking.

Mr Graham: I have provided the answer, Senator.

Senator HENDERSON: But it doesn't add up.

Mr Graham: FY22 was during the pandemic.

Senator HENDERSON: No, forget the—

Mr Graham: Let me finish, please, Senator. We incurred significant one-off costs in relation to COVID. I'm happy to isolate those costs and show you what those costs were. We also continued to invest in our network. Our revenue went up almost \$750 million during that period. So we have seen corresponding growth in our parcel business in relation to it. The actual cost breakdown is a myriad of many different costs, and we'll happily walk you through what those costs are.

Senator HENDERSON: Okay, but this is the key point. You're now telling me that these costs are baked in despite the fact that we're no longer in a COVID environment. You've explained that's because of inflation and fuel, but that does not add up, because it's such an enormous increase in your costs.

Mr Graham: And the revenue has also increased, Senator.

Senator HENDERSON: No, but I'm asking about these expenses.

Mr Graham: And I've responded, Senator.

Senator HENDERSON: Mr Graham, as I have flagged, I'm very concerned about the narrative you're building. I'm very concerned that the motivations of the government are to target rural and regional Australia and to blame the letters—and I understand letters are challenging. I'm not questioning that. I understand there is a change in the way people are receiving their communications. But the story that you're telling me here doesn't match the story in your annual report. It's incumbent on you to explain that properly. So I look forward to that further information. I am very concerned, and I reference Minister Rowland's then comments back in 2020 that our government and that Labor would not stand and allow for any postie jobs or any Australia Post jobs to be lost and would not allow for any services to be lost. Can you provide further assurances to all Australians either watching these estimates or reading the Hansard?

Mr Graham: Our commitment is to ensure the viability of Australia Post for the long term. We are in a period of significant change in our business caused by changes in consumer behaviour, digitisation and ecommerce. Our goal, and my goal, is to preserve the services that are important to the Australian community, which is why we welcome the government's public submission so we can hear back from those communities as to their expectations of Australia Post. I have made it clear in a number of public statements that I have made and press releases I've made that we are absolutely committed to rural and regional Australia as part of who we are.

Senator HENDERSON: Just to butt in—I'm sorry, I am interrupting. Could you just explain what improvements in services you have in train for rural and regional Australia? What are those services that you're planning to roll out, if any at all?

Mr Graham: Well, Senator, I have spoken extensively about our community hub at post office concept, which is a further investment and an increase in investment and footprint in regional Australia. As I say, we just opened our Shepparton parcel facility recently—another investment in a regional town. We will continue to make investments that are appropriate to the commercial viability of Australia Post and will continue to serve the needs of those communities going forward. We are probably one of the largest investors in regional and rural Australia in relation to the money that we pay into licensees and the money we pay to people to deliver parcels and provide services, and we wish to continue to do that. But the control of that is with the customer and with the consumer. It's not with Australia Post. If they continue not frequenting our post offices because they use digitisation, and if they continue going online for their range of services, there is little we can do to prevent that. We are looking to continue to broaden the range of services we provide through Bank@Post and through other arrangements and other service businesses that are leaving these communities, and we'll continue to engage with those companies. We want to make sure we have a healthy, viable community representation in rural and regional Australia. It is who we are. But our control of that is really related to the economic ups and downs of those communities and in relation to the actions that other businesses take in those communities.

Senator HENDERSON: Can you just explain when the decision will be made on the modernisation program? What's the process there, please?

Mr Graham: That's a matter for the government.

Senator HENDERSON: Do you have any idea as to the time line? You've obviously made a submission.

Mr Graham: We have made a submission. I think, as the department has confirmed, there have been a lot of submissions, which is encouraging. The time line is in the hands of the department.

Senator HENDERSON: Are you able to provide the committee with a copy of all of your correspondence and submissions in relation to the modernisation program, please?

Mr Graham: I believe the submission we have made to the department—I think it's the department's decision as to whether those are made public or not.

Senator HENDERSON: No. The rules of the Senate are that any relevant document that we ask for that is within the scope of your operation, you are required to provide.

Mr Graham: If that is the scope and, indeed, we're required, we'll be happy to provide it.

Senator HENDERSON: Thank you—and any other correspondence.

Mr Macdonald: We'll take that question on notice, Senator.

Senator HENDERSON: Any other correspondence, emails, submissions, letters between Australia Post and the minister's office, the minister herself and the department in relation to the modernisation program—could you please provide a copy of each piece of correspondence and each document to the committee?

Mr Macdonald: We'll take that question on notice, Senator.

Senator HENDERSON: Have you given the minister any recommendation as to timing or—obviously, you're running the business, but it's not independent from government. Have you given any recommendations in that effect?

Mr Graham: No, Senator, we have not.

Senator HENDERSON: Are you able to outline what your recommendations are to the minister?

Mr Graham: We have not made any recommendations to the minister, Senator. We have put a submission in as part of the public process and that has been submitted to the department.

Senator HENDERSON: Is there any reason why you haven't made that public?

Mr Graham: It's part of the public process—it's at the control of the department as to whether or not they wish to make those submissions public.

Senator HENDERSON: Well, it's not a public process. It's obviously a submission that you've made which has not been made public.

Mr Windeyer: Senator, if I can just comment. I think you will find, somewhere in the front of the discussion paper or consultation paper put out, that we would have, as we do in most consultation processes, said the intention will be that the submissions will be made public unless they have been marked confidential. I expect we will therefore look to make—we will be working on that basis.

Senator HENDERSON: Thanks, Mr Windeyer. We would appreciate a copy of the Australia Post submission as soon as possible.

Mr Windeyer: I appreciate that. I was just wanting to make a point that it wasn't—

Senator HENDERSON: And all other submissions that you've received in relation to the modernisation program, please.

Mr Windeyer: As I said, we're working through the process with the consultation—

Senator HENDERSON: Mr Windeyer, with respect, it's not open to you to work through the process. If the committee is seeking this information, you are required to provide it under the rules of the Senate.

Mr Windeyer: I understand, Senator. Certainly; I'll take that on notice.

Senator HENDERSON: Thank you very much.

Senator CADELL: One area I will go with is vehicles. We had a photo earlier to table around the eDV and how we're going. Is that the typical mail vehicle of the future across the network?

Mr Graham: Thank you, Senator. It's a really interesting question. The eDVs—we've got 4,300 in a network today. We're just about to add another 500. They are less efficient than a motorbike, but they are 67 per cent safer. That is why we continue to implement them, and obviously they are electric. We have a broad range of vehicles, and those vehicles are really related to the terrain that we have to operate in. We still have a significant number of motorcycles out there, which are less safe. But, frankly, and particularly in the area that you live, there are some areas where a motorcycle is the only viable means of transport. We continue to review the types of vehicles that we use. We are currently testing an all-terrain vehicle, for example, that may be more suitable for harder terrains. We're also trying to test a four-wheeler for replacing our eDVs. We have a significant number of local council and state government restrictions in relation to what we can use. For example—

Senator CADELL: Is it New South Wales especially not getting licence exemptions? Is that for the eDVs?

Mr Graham: It varies by state, Senator. It is frustrating. I'll give you an example that I only saw yesterday. We're not allowed, for example, in New South Wales to have flashing lights on our eDVs. These are small poles that will just emit a flashing light. I saw a video yesterday of one of our eDVs that was sort of taken out because a truck turned and couldn't see it. Luckily, because of the nature of the eDV, they survived. If it had been a motorcycle, I think it would have been significantly different. But, if that had a flashing light, that probably would have appeared in the sight of the driver and therefore caused them to pause and recognise that driver. So these are very simple safety mechanisms that we work through with state governments and local councils. It is somewhat frustrating that we think it's a simple safety mechanism, but we are told that only emergency vehicles are allowed

to have flashing lights. So we'll continue to lobby and work through that as we are today with both state governments and local councils.

Senator CADELL: Thank you.

CHAIR: Thank you, Mr Graham. We really appreciate your time here this morning. We'll take a break now.

Proceedings suspended from 11:03 to 11:19

NBN Co Limited

CHAIR: We will resume. I would like to welcome NBN Co and Mr Stephen Rue. Would you like to make an opening statement?

Mr Rue: Yes, thank you very much. It will be short. Good morning, everybody. It is good to be back in Canberra with you today. Thank you again for allowing us to join via video the last time—much appreciated. Joining me this morning is Ms Dyer, our Chief Operating Officer, and joining from Geraldton in Western Australia is Gavin Williams, who's on the screen. He's our Chief Development Officer for Regional and Remot, and because of that, he spends a lot of his time in regional Australia and he is here again today. Again, thank you for allowing him to stay in WA and do this via video. I will be brief, but let me just start with our last quarterly financial results. These show that NBN is on track to achieve our full-year guidance as outlined in our corporate plan. Up to the March quarter, we achieved revenue of 3.95 billion, or a four per cent increase on the same period last year. Earnings before interest, tax depreciation and amortisation was 2.7 billion, or up 20 per cent on the prior corresponding nine-month period. These improvements are being driven through a program of efficiencies and simplification which is leading to reduced operating costs.

Investments in the network are making higher wholesale download speeds available to millions more Australians and creating momentum in take-up of higher speed tier services. This has helped to lift our residential average revenue per user, or ARPU, as we call it, to \$47 for the reporting period. We also achieved a 10 per cent increase in business revenue compared to the prior corresponding nine-month period. There are now 8½ million homes and businesses across Australia connected to the NBN network, and that's actually around 20 million people who rely on the network every day. More than three-quarters of these connections are on wholesale plans offering download speeds of 50 megabits per second or above, and one in five are on 100 megabit per second plans and above. We remain on track to make NBN's highest residential wholesale speed tiers available to 90 per cent of the fixed line network by the end of 2025.

But there is still more work to do if we're to keep pace with other countries, with access to high-speed broadband improving dramatically in recent years. In New Zealand, for example, 68 per cent of residential broadband users are on 300 megabit per second plans. The European Union is consulting on a gigabit infrastructure act to reduce costs for a faster rollout of gigabit networks, with the goal of making gigabit capability available to EU citizens and businesses by 2030. To keep up, we need to monitor these global technology trends and continue to invest to improve our network capability. We also need to look at the drivers of demand in the market as fundamental changes take place in society and throughout the economy. Think data analytics, virtual reality, home security, new entertainment and streaming applications and devices, and, of course, artificial intelligence. This is all in addition to the huge changes we've already seen in working from home, online health care and education delivery. The opportunities are enormous, but the risk of falling behind is also very real.

In this context, we're looking at the evolution of all our technologies, including satellite. When the first custom-built Sky Muster satellite was launched in 2015, it was cutting edge. Eight years later, we're seeing growing constellations of low earth orbit satellites, or LEOs, which address a drawback of geostationary satellites, which is latency. As our satellites reach the midpoint of their life cycle, it's prudent for us to look at all options on the table for a replacement satellite strategy. This could include LEO technologies or more traditional geo-based satellites or other terrestrial-based technologies. In the meantime, NBN's Sky Muster satellite network remains a critical part of the technology mix and we continue to improve this service through innovation and through our upbreak program, where we are making strong progress. On 28 March, we migrated around 24,000 homes and businesses from the satellite footprint to the fixed wireless footprint for the first time. This also frees up capacity for our remaining satellite customers and improves performance of that service. We've also commenced a three-month trial of a new Sky Muster Plus product that is expected to deliver up to 100 megabits per second speed with totally uncapped data plans. This is an exciting evolution of our Sky Muster satellite applications to serve the bush, and we will have more news to share around these enhancements soon.

I also want to touch on the delivery of another major network upgrade, which is the Fibre Connect program. Nearly 60 per cent of the fixed line footprint is now gigabit capable and this is growing quickly. The Fibre

Connect program is seeing millions more Australians gaining access to fibre to the premises, or FTTP. It's also encouraging to see that our most active RSPs are making progress in migrating their FTTN base. This illustrates the strong demand that can be generated for upgrades when actively promoted to customers.

Lastly, I'd like to touch on our progress towards a special access undertaking with the industry and the ACCC. The special access undertaking, or the SAU, has always been an iterative process designed to bring industry together and get the best outcomes for everybody; regulatory certainty for industry; and an efficient, reliable and affordable National Broadband Network which is financially sustainable with capacity for ongoing network investments. We appreciate that this has been running for quite some time now, but we are confident that the process is now on the home stretch and the outstanding issues are close to being resolved. A sustainable long-term pricing framework will not only benefit the telecommunications industry but will also support the future digital needs of all Australians. Chair, my team and I are now happy to take your questions. Thank you.

CHAIR: Thank you very much.

Senator HENDERSON: I would like to ask you firstly, as a very strong advocate for rural and regional Australians when it comes to connectivity and equity, about your satellite business and how your satellite business is going. On 5 May, the *Australian Financial Review* reported that Starlink has told the government and major telco companies it has signed some 120,000 Australian customers—20,000 more than in February, which, of course, is putting more pressure on your outdated technology that you offer in your satellite service. Can you explain to the committee whether you're concerned about this situation? It's clear that Elon Musk's Starlink is providing a superior service, in terms of both technology and also cost now. The costing of these plans has come down dramatically, at least currently. Could you please explain to the committee your concerns about your falling customer base and what plans you have in place?

Mr Rue: Absolutely, and that's actually why—Mr Williams, who is on the video link, is in charge of this business, which is why we were keen to have him here. So thank you for allowing it to be by video. Gavin, do you want to touch on the satellite business and all your plans, please?

Mr Williams: Sure. Thanks for the question, Senator. Our satellite business for our consumer products peaked with a customer base of around 112,000 through the tail end of COVID. The last public reporting—we declare our numbers on a weekly basis—was about 95,000. So that's a drop of about 17,000 from its peak. I'd characterise that as a range of factors that include a natural normalisation, if you like, post elevated demand from COVID and customers deciding to utilise other technologies, such as from the expansion of mobile services and the expansion of mobile plans and other technologies, as you say, Senator, such as Starlink. We are going through a process of significant upgrade to our non-fixed line services, as Mr Rue pointed out. That includes the expansion of our fixed wireless network in terms of its capabilities and speed but also its geographic coverage such that fewer customers will be within the satellite footprint. All of these things mean that we have an opportunity to elevate the customer experience for our satellite customers, and the feedback we get that we've consistently received on satellite is a call for more data and uncapped data.

Senator HENDERSON: Sorry to cut in here, but we've got limited time. Farmers and those living in so many regional communities are saying it's chalk and cheese. Starlink is so far superior that it's making the NBN satellite service just completely irrelevant. What is the NBN doing about that?

Mr Williams: Thanks, Senator. I was just getting to the point. NBN has a value proposition that includes free access to the service and free installs, and we maintain the service with our sovereign capability. The feedback that we get from our customers is that they want higher—one of the key differences of Starlink is they offer uncapped data. That's what we're working on through the trial that Mr Rue spoke to. The trial so far has covered more than 10,000 customers. It's giving us a great opportunity to look at the service that we can deliver and the implications on our network. The reason that we're able to do that and keep in pace with our customer demand—it's a combination of things that includes the significant upgrade that we're doing in terms of our fixed wireless expansion and the de-loading of the satellite. So we look forward to making more announcements with the conclusion of that trial in the near term.

Mr Rue: I think, Senator, if we can add to that, a large part of our fibre-to-the-premise upgrade is in regional Australia, plus the fixed wireless program, plus the enhancements that Mr Williams talked to in the satellite, and the opportunity to move many—in fact a 120,000 base—off the satellite onto our fixed wireless network. So all of that is significant investment in regional Australia. I can assure you it's top of our mind.

Mr Williams: I think it's important to make the point, too, Senator, that the prices that are offered by Sky Muster are significantly lower than—the offer price is significantly lower than some of the alternatives. We offer plans that are as low as \$35 a month. Affordability is a real issue that we hear about, and I think—

Senator HENDERSON: I would put to you, though, that is not a driver of business. If you're paying \$35 a month and you're getting such poor broadband service compared to what Starlink can deliver, that is not a driver of your business. We're seeing NBN bleeding thousands upon thousands of customers as a result. I guess I am very concerned about the NBN's plans for rural and regional Australia. I understand that under our government we invested very heavily in upgrading the fixed wireless network, which, of course, has freed up space on your satellite and has given the opportunity for a better experience on satellite. But, looking forward, it's looking pretty grim for NBN—certainly NBN's satellite service. I'm directing that more to Mr Rue.

Mr Rue: Maybe Gavin can talk to that.

Senator HENDERSON: You're looking—sorry, I thought you were pointing at the chair.

Mr Rue: I wouldn't do that, Senator.

Senator HENDERSON: I don't want the chair to answer that question.

Mr Rue: Well, Chair, if you want to answer that—

Senator HENDERSON: We get enough spin from the government—not that I'm reflecting on the chair.

Mr Rue: Apologies. My wife also tells me not to point.

Senator HENDERSON: We're looking at different screens, for anyone who is reading the *Hansard* and wondering what just went on. Just very short and sharp, Mr Rue—I would actually want to direct this question to you as the chief executive. This is a substantial challenge for NBN.

Mr Rue: As I said, Senator, we've actually—as I said in my remarks, when the satellite was launched, it was leading edge. There's no doubt that technology has moved on over time. In fact, that's why we continue to invest so much across our whole network. The opportunity of the fixed wireless expansion is to actually de-load some of the beams within the satellite. That's why Mr Williams's team has been trialling the ability to have 100 megabit per second plans and uncapped plans as well. We have done that trial. We are working through how we could implement further plans on the satellite and we're looking at various ways in which we can serve regional Australia going forward. That is a complicated exercise, but if you put all the technologies available, we are looking at ways in which we can continue to enhance services for regional Australia—as I said, terrestrial ways, as well as the potential to use low orbit satellites as well as geostationary.

Senator HENDERSON: Are you planning to launch your own low earth orbit satellite any time soon?

Mr Rue: There are many options that we're working through at this stage. I have no plans at this stage—I don't have a plan I can tell you exactly at this stage, but we're looking at all options on the table.

Senator HENDERSON: Okay, I'm going to leave—you've raised the issue of pricing. I'm obviously concerned about your attempts to push people from the 50 meg to the 100 meg plans. Of course, the ACCC has effectively knocked back that pricing plan. But I am going to leave that to my colleagues to ask about because I need to duck into another committee. But thank you very much for your time today.

Senator DAVID POCOCK: Thanks for your time here. Firstly, as we know, NBN upgrades are quite rare in the ACT. So thank you for your work on Casey in the Gungahlin area. Residents there are now applying through their provider for upgrades. I really appreciate all the work you did on that. We've talked before in person and at estimates about some of the challenges in the ACT fitting into your business model, given the set-up with poles being on private land and also some of the rock that you encounter. I note that in the one million new connections announced in February this year, only 3,088 ACT premises were included. I'm just wondering if you've had any approaches from the ACT government to try and work out some sort of arrangement or contribution from them to make it available to more people in the ACT.

Mr Rue: I think Ms Dyer should go through a little bit more about the ACT just to give you some more information. But, in terms of your specific question, Will Irving, who's our head of strategy, has recently met with—when I say recently, it was in 2022—the ACT Chief Minister and in late 2021 with the chief digital officer. That did involve our plans and discussions around what the ACT government could do as well. We've obviously engaged with various councils, as you know, and I think you invited us or encouraged us to join a meeting as well with councils next month, I think, which we're going to attend. So we do have regular meetings with various bodies of government in the ACT, but there's been no funding forthcoming to assist us at this stage.

Senator DAVID POCOCK: Has there been any continuation of discussion since the meeting with the Chief Minister?

Mr Rue: The chief digital officer and then on with the councils—that's been the ongoing engagement. Obviously, my team will deal with various officials within the ACT government on an ad hoc basis.

Senator DAVID POCOCK: So there's not currently any negotiation or working up a plan with the ACT government?

Mr Rue: No, there's not.

Senator DAVID POCOCK: That's something that you have done in the past with different jurisdictions?

Mr Rue: I personally have put a lot of time into speaking with state government, from premiers through to relevant ministers through to departments, to outline our \$300 million co-investment fund that we announced I think in September 2020. We have a fund, if you will, that we will work with state governments to co-invest with. Essentially, we will invest where we can make just a very small return and then, whatever the funding shortfall is, we would request the state government to think about what they would like to do. There have been varied responses across the country to that and a large arrangement with the Victorian government—that has been the largest one we've done. But in each state there has been investment made, in some cases with the Commonwealth as well, actually. That has been explained to the chief minister here, and we are arms open if there are arrangements we could get to to assist in further upgrades in the ACT.

Senator DAVID POCOCK: Okay. Just finally, just so I'm clear, in February, since the announcement where saw the ACT receiving 0.3 per cent of the upgrades, has the Chief Minister or anyone from the ACT government contacted you about—

Mr Rue: They haven't contacted me.

Ms Dyer: It's my understanding that there has been a follow-up meeting that's been scheduled with the Chief Minister's office in the next couple of weeks.

Senator DAVID POCOCK: That's locked in?

Ms Dyer: According to the note I've just received, it is. It's been scheduled and locked in.

Senator DAVID POCOCK: Thank you very much.

Senator CADELL: Going back onto satellite regional coverage again—probably this is Mr Williams. It's challenging out there in the world and I get exactly what you say. We launched the best at the time. Technology has moved and you're midlife in your satellites. There'll be something again in—

Mr Rue: Basically the satellites run out of fuel around about the end of the decade.

Senator CADELL: Right. This is what I'm getting to—different solutions. I live in a 2½ thousand people village. I had NBN fixed wire. But when it rains—I can't stand the rain. My internet went. I've had to go to satellite, as a thing. But that reliability and the speeds you're getting—I love the speed. I'm with a competitor, I must say, at the moment. But you're talking about an unmetered service. But it's still metered for streaming video and for VPNs on the website?

Mr Rue: The current plan is—Mr Williams, do you want to talk to the upgraded plan you're looking at, please?

Mr Williams: Yes. Our current plan is metered between 4 pm and midnight. That applies to streaming video and VPN. That is true. That's a development we launched to market around just under a year ago. Since then, we've identified a couple of ways to improve the service in two important areas. The first is we've determined that we can increase the speed capability of our terminals. We've worked with our suppliers to prove that out and to get warranty support for that kind of performance. That means we can offer more speed. Significantly, the consistent feedback I get from customers is that, to avoid data anxiety, we need uncapped plans. Those two elements are what we've been trialling, and the trial encompasses more than 10,000 customers at present—the offer of uncapped data for all internet usage and speed bursts of up to 100 megabits per second. You add that to the fact that our Sky Muster service is installed for \$0 from NBN, no matter where you are across the country and that, when the service goes bung, if it needs a truck roll, NBN covers that. You add to that the fact that we offer a range of plans that retail for as low as \$35. So I'm very excited about being able to conduct this trial, and we'll have more to say about where we take that soon.

Senator CADELL: I'm not even remote. I'm 25 minutes south of Newcastle. I am regional at best. It's that anxiety of having the ability all of the time, and I think the different technologies—we're talking about direct wireless and we're talking about all these things coming in. What is the process? We don't know what the technology will be in these satellites. Are we looking at everything to replace regional and remote coverage? Does it need to be satellites? The coverage needs to be there.

Mr Williams: That's a great point, Senator. It's incumbent on NBN to look at all options to provide the best service that we can within an appropriate economic envelope technology. There's been more change in the last three years in the satellite industry than in the last 30 years. So it is absolutely incumbent on us to look at all

options. They could include further expansion of our fixed wireless service. As we've said in previous responses, we're expanding the coverage geographically up to 50 per cent, but there's 120,000 more customers that were previously on our satellite footprint that we'll be taking onto our fixed wireless footprint. That's one potential. Then there's new satellite technologies—low earth orbit technologies that we'll be looking at as to their efficacy, as Mr Rue said in his opening statements. But there are significant developments in other types of satellite services as well. So, Senator, I think the somewhat long-winded answer is it's almost like—it's not a prudent time to lock a solution at this point, because there is so much change. There will be a range of technologies I think that will apply at the appropriate time.

Senator CADELL: One area is the marketing of the NBN products. I can't go to a regional airport without seeing a Starlink \$199 poster on the wall. I can't open a social media thing without that advertising cover. I am yet to see a proactive Sky Muster thing where I go. What is the plan to fight back market share? If we've got a product range we're happy with and we think is competitive, what's the plan to fight back market share?

Mr Williams: We undertook some marketing campaigns in the second half of the last calendar year. I'm disappointed you didn't see them. I will have to speak to our marketing agency and try to figure that out. One of my team is just up north of Newcastle and has seen some of the advertising. It's something that we certainly contemplate. We have to consider value for money and the fact that we are not ultimately retail. We provide incentives for retailers to conduct marketing. I know that I have received some marketing material directly from a number of them. So there are a number of boasts. First order is to support our retailers in their marketing pursuits. Ultimately, that's who you sign up to. From time to time, we will conduct some direct marketing activities as well. Of course, we're out there in regional Australia through our NBN local teams speaking with community groups, chambers of commerce and councils to get awareness out. There is a point behind your point. Arming customers with the right information is really important. I will never diss a customer for choosing one of our competitors as long as they are armed with the right information. But there is a lot of misinformation out there. It is a not a victimless crime. We see so often customers in regional Australia buying expensive services and paying a lot of money that they don't have when there are perfectly good services available with NBN satellite base technologies.

Senator CADELL: That is what it comes down to. For me, it is reliability first. I have still a copper NBN network at home. That is primary. As I think I raised last time, the boys are getting shot playing *World of Tanks* or *Call of Duty* because they've got a 900 ping; it's not their favourite thing. We use that as the primary one. The certainty of having—

Senator HUGHES: Is that English?

Senator CADELL: These guys would understand it.

Mr Rue: He's talking about gaming.

Senator HUGHES: I'm aware what he's talking about. I just don't understand it.

Senator CADELL: But it's the need to have it there. On my lowest satellite, I think we're pinging 900. I think we're pinging 42 on the copper network. But my 100 MBS thing delivers only 42. It delivers the same megabits per second. My Starlink does 140 MBPS, but I'm pinging 900. So there's always a trade-off. Aren't we just seeing this as the world as it happens?

Mr Rue: It is.

Senator CADELL: Technology is overcoming and leaping and leaping?

Mr Rue: I know the chair will want me not to spend a very long time answering this, because this is my favourite subject, but the world is changing before our eyes. The use of technology is increasing exponentially and that's why our upgrade program is so important and that is why the questions you are asking are so important. Our first job was to ensure that everybody had ubiquitous broadband. Remember that a lot of places had nothing many years ago. The satellite has served a tremendous purpose for so many people across the country. But technology advances. That is why we're working on more fibre builds but also expanding the actual FFTP service itself. That's what's called XGS-PON. We're investing in what is called distributed architecture in HFC. We're investing in the cable network. We're investing in fixed wireless and we're looking as technology advances. As Mr Williams said, we need to have a strategic plan for the bits that are left, if you will. But technology is advancing, so we have to pick the right time to do that. That is why we are expanding our current products; there's no doubt about that. We will look for the rest of the decade at how we ensure that everybody gets the access that they need for the ever-changing world we live in.

Senator CADELL: You spoke about New Zealand going so many per cent on 300 megabits per second.

Mr Rue: Yes.

Senator CADELL: In the future, there will always be more. I grew up with remote controls and one screen.

Mr Rue: That's right.

Senator CADELL: In my current house, there are two NR connections and 4.2 million screens, as far as I can tell. It's ridiculous. What is the usual data load of an average house nowadays? What is the average speed required? Does an average house require much more than 100 megabits per second now for anything?

Mr Rue: The amount of the data growth is about 20 per cent per annum. That's going to continue. But the important thing is that new applications are also going to be created. With the investment in technology and investment in fibre networks all around the world, we're going to see new applications come around. At the moment, it depends on your household. There's no doubt that 100 megabits per second service gives a much better customer experience than a 50 megabit per second service. Some people who are running a particular business from home or working from home in a particular industry will need more than 100 megabits per second. That is why, as I mentioned in my opening statement, you will see places such as the European Union talking about gigabit nations. That is what we're going to see. The problem with infrastructure is that you have to plan years in advance, particularly when you live in Australia, where the distance is so vast and our cities are so widespread. You've got to plan in advance and think ahead. All your questions are absolutely the right questions around the satellite service in regional Australia. But for the bits of the copper network that we're not currently in plan to replace, we as a nation have to continue to advance our technology, for all the reasons you say.

Senator CADELL: This is my last question on this point. Telstra recently launched a low orbit satellite product. Is that in partnership with someone? I haven't seen the pricing of it yet. Is that a competitor to you, or is it more a competitor to Starlink?

Mr Rue: Gavin, do you want to talk about this? We don't typically talk around Telstra's plans, to tell you the truth. That's really a question for Telstra. They've basically discussed a strategic partnership with another low orbit satellite. Who was it with?

Senator CADELL: OneWeb, I think.

Mr Rue: It was OneWeb, thank you. You'll have to ask Telstra what they plan to do with that.

Senator CADELL: Okay. I'm happy with that, thank you, Chair, for the time being.

Senator PAYMAN: I will just start where Senator Cadell left off. I'm going to break every rule and ask how NBN is engaging with the market to inform itself of the technical capabilities low earth orbit satellites have and the role they will play in delivering connectivity solutions to address the complicated disaster that is particularly in rural and regional Australia.

Mr Rue: Gavin might want to talk more broadly about how we engage with regional and rural Australia. Were you asking about disasters there as well?

Senator PAYMAN: Yes. Improving connectivity solutions.

Mr Rue: Gavin, do you want to talk about what your NBN local team do in particular?

Mr Williams: We've increased over time our focus beyond city limits. We are at the stage now where we're upgrading regional Australia. Mr Rue has alluded to the point around massive fiberisation in regional Australia. We talked about the fixed wireless upgrade program that is going to deliver new high-speed tiers of up to 325 megabits per second across 85 per cent of our country. There will be a massive expansion of the fixed wireless network and, consequently, the speeds and capability of our satellite product. This is done in concert with stakeholders and key groups, such as the Regional, Rural And Remote Communications Coalition. It has groupings as diverse as the Isolated Children's Parents' Association through to the National Farmers' Federation and Better Internet for Rural, Regional and Remote Australia. So it is a very structured program of engagement on that score. We have relationships with chambers of commerce, with regional development authorities and with councils right across the country. We have people embedded across 22 regions that we've defined across regional Australia.

As one example, I am learning a lot about what we are doing well and what we can do better up here in Geraldton right now. That informs about how customers are using this and frustrations they might have with technology. It informs development plans, and that includes, then, working with our vendors across mobility and across satellite. We keep abreast of all the developments from those ecosystems. We will undertake anywhere from less formal discussions with those vendors through to more semiformal processes through to very prescribed procurement processes to avail ourselves of appropriate technologies from time to time.

Senator PAYMAN: Thank you, Mr Williams. I have a whole lot of love for Geraldton. Do you see LEO satellites as potentially providing direct to mobile handset services in Australia for both data and voice?

Mr Williams: It is an area that we don't study particularly heavily because it's more something for the mobility providers. I don't think I can give you expert evidence on that. My observation of the industry is that it is an interesting area. I know some of the work that Apple have been doing in the near term around emergency access. There's plenty of activity from varying levels of proprietary standards to open standards in the mix and some interesting deals being done, particularly in the US. The development of technology is (a) always interesting and (b) good for regional Australia when it can benefit. We look forward to seeing the evolution of those kind of applications.

Senator PAYMAN: Definitely. It sounds like a change is going to come. I would like to now talk about the Sky Muster services, as you mentioned in your opening statement. How has the government's investment of \$480 million in fixed wireless services assisted in releasing capacity on NBN satellite services?

Mr Williams: I will be very brief on this. I think we talked about some of this before. I will reinforce some of the points I made. The \$480 million is enabling us to lift the speed capability on average and deliver new high-speed tiers on the fixed wireless network. Importantly, it's also letting us expand the footprint to take what would otherwise be satellite coverage into fixed wireless coverage to the tune of about 120,000 homes and businesses. Therefore, we have fewer homes and businesses we have to plan to serve on our satellite service, which enables us to deliver bigger plans. We did that this time last year by expanding the times that customers have or decreasing the times customers have metered data. We are trialling now the opportunity to have completely uncapped data for all Internet needs and increased speeds up to 100 megabits per second. The feedback we got from customers through this trial with over 10,000 customers is incredibly encouraging and positive. We look forward to making some announcements soon on where we take that.

Senator PAYMAN: Can you help us understand exactly what criteria is being used to evaluate the success of the trial?

Mr Williams: We talk to our retailers. Part of conducting the trial is that our customers gave permission to be guinea pigs and be contacted by an agency on our behalf. That was one of the benefits of the more restrictive trial phase. We have been able to get some quite structured feedback as a consequence.

Senator PAYMAN: How will the increased capacity on the satellite network improve the user experience for customers in regional and remote Australia in particular?

Mr Williams: More data means that customers don't really need to contemplate, 'Can I watch a streaming video now, or will that impact my ability to do some other kind of application later?' The current product only meters between 4.00 pm and midnight on streaming video and virtual private networks, but it still leaves what I call data anxiety in customers' minds. This just takes that away. Through the trial, we have seen a roughly 35 per cent increase in usage across the day and, importantly, a 45 per cent increase in data utilised between that peak period of between 4.00 pm and midnight. So it demonstrates that customers are using their service more. That could be for entertainment, such as streaming video, or other applications such as learning or using YouTube as a learning aid through that period as well. To give unfettered access to the social and economic benefits that access to fast and reliable broadband can deliver, I think, has the potential to make a significant difference to customers in the bush.

Senator PAYMAN: I'm sure the customers will welcome it with open arms.

Senator HUGHES: Minister, I think this will be applicable to you. I want to have a quick discussion about the school student broadband initiative and get an update of how that is going. The government made a promise that it would provide 30,000 families who have no internet at home with free broadband for a year. Could you update us on how many services have been activated and when it started?

Senator Carol Brown: I haven't got that information to hand, I'm sorry, Senator, but I can take it on notice.

Senator HUGHES: Can we possibly get some information? It does apply to the NBN.

Senator Carol Brown: Sure.

Senator HUGHES: The NBN is supposed to be providing a rebate via participating internet providers.

Senator Carol Brown: I will get that information as soon as I can.

Senator HUGHES: Can you go to someone else and see if you can get some information before we finish this session?

Senator Carol Brown: Sure.

Senator HUGHES: I think it would be good to get an update.

CHAIR: Not a problem.

Senator CADELL: I want to return to sign-ups. Satellites are increasingly competitive in that space. How are we going on brownfield sites? I notice the number of connections isn't increasing satellite use. Weekly rollout figures are dropping. Are we still competitive with brownfield sites? Are there competitors? Where are we going there?

Mr Rue: Yes, we are. Obviously, the period of a large migration of customers onto the network has concluded. Once the network was built, there was an 18-month period. People took a choice to join or not. The large ramp-up in subscribers that we saw is obviously no longer the case. We're now in, as you quite rightly point out, a competitive environment. We've been talking a lot about satellite. Actually it's competitive in the sense of products like fixed wireless access, mobile products and in the new development space. When you look at the weekly numbers, be a little careful because it can go up and down. At the end of the month, there's often what is called a clean-up of records. That can lead to some dips and then rises again. You will see that our subscribers have grown over this year. That is in part because of new developments that get built. It is also as customers come on to our network. The answer to your question of whether our product is competitive is: absolutely. Do we need to compete on a day-to-day basis for customers? Absolutely. The fibre upgrade program clearly is an opportunity for customers to receive higher speeds. I think you were talking about a copper service you have that gets 42 megabits per second; that is what you were saying. That could be your wi-fi, by the way, but you never know.

Senator CADELL: I have a patch panel. I'm pretty wired.

Mr Rue: I'm not sure how to respond to 'I'm pretty wired—'

CHAIR: I could advise you just to smile and move on to another conversation.

Mr Rue: but your point around ensuring that we absolutely are competitive, market ourselves or demonstrate ourselves and continue to invest in the network is critical. We are winning new developments that are being built. We do have campaigns all the time where we go to customers to win back customers or get customers who have never connected. We clearly have to do that through the retailers. You will increasingly hear us talk about higher speeds and more reliability that we are providing that will encourage people to come on to the NBN network or upgrade their services.

Senator CADELL: So we don't think we're at peak connections at the moment? There's still growth?

Mr Rue: We will still grow. For a start, new developments continue to be built in the country that will add to our network. Over time, as data grows, which it will, there will be no better service than a fixed line service because it provides the capacity that is needed. The challenge for a network like fixed wireless or satellite is the ongoing need to put capacity in. It is very hard to put capacity in satellites. You have got to keep launching more and more satellites. Over time, those services will be good for a cohort of low-use customers. But, as data grows, the majority of Australians will need a fixed line network or will need an ongoing fixed wireless network that we keep investing in. That will provide the services. Senator, we will keep growing. That doesn't mean we're not in a competitive space, though.

Senator CADELL: We are talking about all this new technology. I had contact from a client who was after faster speeds and going old school. They were looking at ethernet over the first mile. Are we still flexible in looking at all these different bundling options?

Mr Rue: I think what you are talking about is enterprise ethernet, the service that we have. We do have it direct. It is basically a dedicated fibre service pulled from the exchange all the way to typically a business premise that provides a dedicated line. It provides symmetrical speeds—

Senator CADELL: It's out of copper. It's bundled copper instead of fibre.

Mr Rue: Sorry, we don't do bundled copper. We do dedicated fibre services. Part of our challenge now is to keep developing our product set going forward to serve our customers and to keep competitive.

Senator CADELL: I refer to the comment before. This might be a specific number that we may need to refer to. You said you have more subscribers now than you had at the beginning of the financial year?

Mr Rue: Yes, we do.

Senator CADELL: As a proportion—this is an example only, because I don't know numbers—do we have five per cent more but the market has grown 10 per cent more? Are we keeping pace with overall connections in the growth of the market?

Mr Rue: Well, the market growth in the sense of the number of premises in Australia, I guess. So I have to do the math on that. Broadly—

Senator CADELL: Is NBN growing at the level of the market or below the market?

Mr Rue: We're probably broadly stable this year. It's broadly stable, I would suggest, without doing the math in my head.

Senator CADELL: That's fine. If you can come back on notice and tell us how you're going, that would be great.

Mr Rue: Yes, sure. I can do that.

Senator HUGHES: I will come back, Minister, to the school student broadband initiative. Did you manage to get any information from the minister's office or the department to give you some idea of how many families have been connected?

Senator Carol Brown: I am sorry, Senator Hughes. I don't have that information at the moment. I will try to get it to you as quickly as possible. It hasn't come to hand yet.

Senator HUGHES: I think I am back where I started. We will have to put all of these on notice.

Senator Carol Brown: I apologise.

Senator HUGHES: I am a bit surprised that we don't have any information on a program for 30,000 families that don't have internet and we don't seem to know if any of them have it yet.

Senator Carol Brown: It is a Labor Party commitment.

Senator McKENZIE: You can get a bit of data, surely.

Senator Carol Brown: I am trying to—

Senator HUGHES: Get the minister's office to get us some information.

Senator McKENZIE: Minister Rowland, are you watching? Hello? Cooee!

Senator HUGHES: Has the NBN had any engagement with this program? The minister let us know that you are providing the rebate via internet providers. There are about seven or eight of them.

Mr Rue: The department has been driving a lot of the engagement on this, clearly. What has taken place is a series of charities have been engaged—for example, the Smith Family, St Vincent de Paul, Catholic Education Australia—by the department to nominate families, if you will, that may be eligible for this service.

Senator HUGHES: Is there anyone from the department here who can give us a bit of information on this? It seems surprising that we don't have any information being provided. It's like no-one knows this program exists.

Mr Rue: I know that there have been many thousands, in fact, of potential families through these charities actually identified. If they are already connected, they are not eligible for the service. Then it's a case of contacting those families and asking them whether they would like to receive a voucher, which they would then provide to the retailer. When the retailer signs off, we obviously need to do the connection, and then we need to provide the rebate back to the retailer.

Senator HUGHES: How many of these rebates or payments have you made?

Mr Rue: I don't have that, I'm sorry. I have the general outline of the scheme here, but I don't have that detail.

Senator HUGHES: But you have started making payments? There have been payments made? There are families connected?

Mr Rue: There have been connections made, absolutely. I don't have it with me here, Senator. But there have been connections made, absolutely. Therefore, rebates are paid, yes.

Senator HUGHES: I am a bit flabbergasted that we have no information whatsoever on this program that has been provided. I would have thought it was a pretty important one, particularly with the cost of living crisis at the moment that middle Australia and so many families are facing. We can't get any information. We will put them on notice.

Senator CADELL: I am new to government. I have been here only about 11 months and am learning my way. Lots of very similar agencies and groups are doing very similar things. We were talking about mobile black spots yesterday. Is there integration into your system where you are putting tech into mobile black spot programs with the providers? Are they ever linking into your systems to do a whole communication strategy fix for areas in rural Australia, or do they just miss you and there is one part here and one part there?

Mr Rue: Obviously, mobile service is not something we provide.

Senator CADELL: But the data for it.

Mr Rue: We provide some fibre for those, but it's not really a service that is particularly used. I can't talk for the department or the minister's office on this because I have just one part of the communication job. Certainly

when we talk to state governments and when they think about funding arrangements, they do think about mobile capability. They also think about whether it will be a satellite to fixed wireless move or funding for more fibre, if you will. In that sense, certainly at a state government level—and they often provide some funding—there is a thought about how it is best for communities to be served. Specifically on this program, I am afraid you are asking the wrong person.

Senator CADELL: That is fine. Lots of people are doing similar things. We're rolling out infrastructure for connected cars, for charging points and stuff like that. They all need comms back hall and all these sorts of things.

Mr Rue: Again, our particular service is to a home or a business. Therefore—

Senator CADELL: I get that.

Mr Rue: It is a different type of service, I guess. The black spot program can often be a highway. I don't need to tell you.

Senator CADELL: Yes, correct. Thanks very much. That is all, Chair.

CHAIR: Thank you very much. Thank you for coming along this morning.

Mr Rue: Thank you very much.

CHAIR: There are two people in the room, Ms Dyer and Mr Rue.

Mr Rue: Ms Dyer did very well today, I thought.

CHAIR: I'm sorry to hear that. I thank Mr Williams online.

Mr Rue: Thanks for joining, Gavin, from Geraldton.

CHAIR: I will now call officers from the Classification Board.

Classification Board

[12:13]

CHAIR: I welcome Ms Fiona Jolly, director. Would you like to make an opening statement?

Ms Jolly: No. Thank you. I want to introduce Tristan Sharp, who is the deputy director of the Classification Board with me today.

Mr Sharp: Good afternoon.

CHAIR: Welcome.

Senator ANTIC: I want to ask a few questions about how publications, books in particular, are classified in Australia. I have a few concerns about books that are showing up in public libraries. It is my understanding that under the classification act, or a truncated version of that title, publishers of books don't need to seek classification for them unless they met the definition under the act of a submittable publication. That is broadly—

Ms Jolly: That is correct.

Senator ANTIC: It is a bit complicated. The onus, therefore, is on the publisher to seek classification for the material if they think it is potentially fitting into that submittable publication category?

Ms Jolly: Or otherwise if they would like to have the publication classified.

Senator ANTIC: Or if they would like to have the classification. That would by definition include publications that appear in public libraries. There is scope, I think, for unclassified material to hit public libraries. What happens if a publisher doesn't seek classification for material which arguably and objectively might fit that submittable publication categorisation?

Ms Jolly: The classification scheme is enforced by state and territory governments. If there is material that would be considered, or likely to be considered, a submittable publication, it is up to state and territory enforcement agencies to put in an application to give the publication to the Classification Board.

Senator ANTIC: So the onus has been on a local authority or a minister or a public official of that nature? They have to hear about it, find it and put it through?

Ms Jolly: Under the Classification Act, I have the power to call in a publication.

Senator ANTIC: Or yourself, of course. I say this because I am getting an increasing number of concerns and complaints about books that are showing up in public libraries. This is one. It's a book called *Let's talk about it: the teen's guide to sex, relationships, and being a human*, which all sounds a bit innocuous. The index contains chapters on sexting, kinks, fantasy and porn. I won't actually hold any of this up because it's pretty graphic in many senses. It is rated for 14-year-olds and thereabouts. That may be an American classification—I don't

know—or wherever the book is from. There are sections here telling kids basically how to go about sexting. It states:

Before you start sending your naughty masterpieces around the world, take some time to get friendly with photo editing software or apps. Digital photos are permanent and are impossible to retract once they are out there.

This is the broad splash of it. It's currently unclassified, as I understand it. It has a target audience of 14 years plus and is available in libraries in South Australia. My view is that it would meet the category of a submittable publication as it particularly unsuitable for minors. With that in mind, are you aware of any applications that have been made to classify that book?

Ms Jolly: No, not that book.

Senator ANTIC: Having heard that, would there be any scope for that to be done? Is there a process for that?

Ms Jolly: There is a process for that. If in my opinion a publication is likely to meet the definition of being a submittable publication, I can ask the department to assist me in calling in that publication. But I would only do that if it met the definition of a submittable publication. The threshold for that in the context of publications is: whether the publication is likely to be classified RC, refused classification, which is a very high standard or low standard, depending on your point of view, to meet; whether it is likely to cause offence to a reasonable adult to the extent that the publication should not be sold or displayed as an unrestricted publication; or if it is unsuitable for a minor to see or read. A minor is a person under 18 years old. We also have to look at the context of a submittable publication under the criteria set out in the code. The first one is that adults should be free to read, hear and see what they want. We balance that with the requirement that minors should be protected from material likely to harm or disturb them.

Senator ANTIC: You are stuck with the legislative framework you have. It does strike me that there is a serious gap in the powers afforded whereby this and others can just slip through. This is just one example of what I would say is inappropriate material going through public libraries on public display around the country and around my state. There are surely gaps in your legislative powers, then, if the process is for someone to find it, potentially take it out of their child's bedroom if they had borrowed this book from the library and have it referred. I understand that process is onerous. Maybe there are costs associated with it as well. They could have it referred to a power. Would you say that there is need for reform in this area if that is the only mechanism? These things are showing up in libraries. It is almost like you have to let a crime happen before it gets stopped. That is a bad example.

Ms Jolly: I won't comment on that book. I won't make any personal comment on what I think about the content you have described. It is interesting to note, though, that the publications guidelines haven't been reviewed since, I think, 2015. They were developed in the context where really the largest bit of the board's workload for publications was classifying adult content. They are really focused on what is okay and giving information about protecting minors from explicit adult sexual content.

Senator ANTIC: Could it be that perhaps this is more prevalent now, this sort of material, these how-to guides coming out of the US, and, therefore, this is a new material problem—I say problem; others might disagree—which perhaps the legislative framework hasn't yet catered for? If that is the process and these books are going out into public libraries, do we need a bit more of a look at the powers that are afforded?

Ms Jolly: It's possible that the guidelines were created in a different context, yes.

Senator ANTIC: Thank you. That's all from me.

Senator ROBERTS: Thank you for being here today. I think these questions will probably go to Mr Sharp. I will leave that to you, Ms Jolly. My questions reference the book entitled *Gender Queer: A Memoir*. Are you familiar with it?

Ms Jolly: Yes, indeed.

Senator ROBERTS: Amazon lists this book as suitable for people only 18 years of age and over. The Classification Board has reviewed the book and given it a rating of M, which is a recommendation only. It is not legally binding. According to your website, 'M' is, and I quote:

Unrestricted classification, meaning any child of any age can access the book with a recommendation that it not be made available to under-15s.

Is that correct?

Ms Jolly: That's correct.

Senator ROBERTS: The material in *Gender Queer: A Memoir* is what we would have called a cartoon book; it has a fancy name these days.

Ms Jolly: Graphic novel.

Senator ROBERTS: Thank you. This is very graphic. It has full oral sex depiction between two people. Is my accurate representation of the classification of *Gender Queer: A Memoir* correct?

Ms Jolly: It's what the classification board gave, yes. It is an unrestricted publication with a rating of M and consumer advice that it is not suitable for readers under 15 years of age. Yes, that's correct.

Senator ROBERTS: Queensland commonly has a child's library card for under-12s. It is probable a child under 12 years could view this in a public library but not borrow it. New South Wales has no such children's card, so a child of any age could borrow this book. If a child even under 10 years, for the sake of argument, were to borrow this book and check it out using the automated checkout, with no adult supervision required, would the library have broken an actual law?

Ms Jolly: I'm not in a position to answer that.

Senator ROBERTS: This book is commonly read to children as part of a Drag Queen Story Hour event. If a drag queen chose to read this book to an audience of children, would that person have broken any law?

Ms Jolly: I can't answer that question.

Senator ROBERTS: Minister, this is a matter of policy. The next step up from 'M' in your classification system for written works is 'R', which is restricted to sale in a sealed wrapper. I note that you have more options for video material but only limited options for classifications in written work. Is there nothing in between that for kids having exposure to this book and books only able to be sold in a sealed wrapper? Are you coming up with another classification, or will you, to protect children?

Senator Carol Brown: The classifications are as you outlined, Senator Roberts.

Senator ROBERTS: It allows graphic material through that is not suitable for young children. Will you protect those children?

Senator Carol Brown: The book that you referenced, *Gender Queer: A Memoir* has consumer advice for children. It is not recommended for children under 15 years.

Senator ROBERTS: But children under 15 years old can still access it.

Senator Carol Brown: I'm not sure what you are saying to me about access in Queensland.

Senator ROBERTS: I will make it clear, Senator Brown. My intention is not to get this book banned. Adults can have a look at it. Will you introduce a new classification for graphic novels, as for videos, of 15-plus?

Senator Carol Brown: Well, I can say to you that I think the classification system that we have is robust. The Classification Review Board is an independent merits review board. I don't see any need to introduce another step or another level.

Senator ROBERTS: How can you say that when I have said that this is a graphic book? It is a well and truly graphic novel. It is available to children under 15. They can get hold of it in libraries just like the previous book.

Senator Carol Brown: The advice is that it's not recommended for readers under 15 years old.

Senator ROBERTS: That is probably an enticement for a 10-year-old or a 12-year-old. Can't something be done about this?

Senator Carol Brown: I have responded, Senator Roberts.

Senator ROBERTS: Thank you.

CHAIR: Thank you very much.

Ms Jolly: I will go back to your question, Senator, about breaking any laws. The 'M' unrestricted classification, as I think you are trying to allude to, is not a legally enforceable classification.

Senator ROBERTS: Thank you for that follow-up. I appreciate that, Ms Jolly.

Senator CADELL: I want to talk about the classifications for computer games. As a kid, I thought my job would be in classifications sitting in a room somewhere playing *GoldenEye* with keycodes on a Nintendo 64. But that is not the way we do it any more. Isn't there a lot of self-regulation, where they have to do a lot of self-disclosure now for gaming releases and stuff like that?

Ms Jolly: Yes. There is the International Age Rating Coalition tool, which has been approved by the minister for communications. It is a self-regulatory system, where the distributors of a game will fill out a survey and questionnaire and the tool will give them a classification. That means they can use that classification in their distribution of the game. The Classification Board receives reports through the department about the decisions the

tool makes. We have the power to, in effect, audit decisions and to replace them with a decision that we think meets Australian standards.

Senator CADELL: In an audit, might I still want someone sitting somewhere playing the game with cheat codes?

Ms Jolly: No.

Senator CADELL: How far do we go with that? There are games that you buy. I go to a store and buy my games. I come home and they are on Discord download. There are also social games on phones. Is it for everything that is released and available for sale in Australia?

Ms Jolly: The tool is only for games—I think I have this right—that are available online. Games to be sold in retail stores have to submit classifications themselves, or the company can have their own trained assessor provide us with a recommendation about what the assessment would be.

Senator CADELL: What would be the process? Do I have to have the absolute finished product? Can I give it to you in beta phase or anything like that?

Ms Jolly: We will classify what we are given. If the final product that goes to market is different in a way that would affect the classification, the classification is not in place. It basically becomes unclassified.

Senator CADELL: Is there a history of anyone self-classifying or doing that process and, in an audit, finding that it is actually not right?

Ms Jolly: I would have to take that on notice.

Senator CADELL: I think games are so big now that it is quite hard. You wouldn't take the commercial risk.

Ms Jolly: If you have a big release, it would be an unwise path to take.

Senator CADELL: If I go to an app store now and download a game, it has been through a system if it is for sale in Australia?

Ms Jolly: Yes.

Senator CADELL: That is good to know. We do movies, books—I didn't even know we do books—and games. Do we classify things like stage shows? If I want to go and see *Tina the Musical* next week, is there nothing on there?

Ms Jolly: No. I won't pretend to be an expert on the definitions in the act. No, it has to be a film.

Senator CADELL: I am a gamer. *Assassin's Creed* is coming out in November; that is a new game. If I'm a game producer, what lead time do I have to normally give you to process, fill out my survey, do my thing and assess it? What is your lead time to turn that around?

Ms Jolly: We don't have a lead time. We have a statutory obligation to make a decision within 20 days or they can pay a priority fee, in which case we will have to do it within five days. A lot of computer games will submit an application for classification, but they don't actually release the content for some months.

Senator CADELL: Are we meeting that criteria? Even though we are meeting 20 days, are we meeting five days in most or all cases?

Ms Jolly: Yes. This year, we did not meet the 20-day or the five-day—I can't recall—time limit on four occasions. That was when we were in a transition from the current data management system into the new data management system.

Senator CADELL: Is the automated system to lodge the same for movies and visual content, or is there a room somewhere with steamy windows?

Ms Jolly: There are a number of tools that have been approved for films which have a different back room. Netflix, for example, has a tool that they use to classify material. Recently, the minister approved a new tool called Spherex, which does the same thing—classifies on application from distributors. We do the same auditing mechanism with them. We have set ourselves statistically valid sample sizes of decisions that we will check that those tools make. Anything that is R-rated we will check. If members of the community have complained about a rating, we will also look at it if it is about the content.

Senator CADELL: Data is more prevalent. Things on the internet are more prevalent. We've got all sorts of content on social media. Are the guidelines changing? Are we becoming more tolerant and open to things on a grading scale, or are there fixed criteria that haven't changed in a while? What constitutes that?

Ms Jolly: The way the classification system works is that there are guidelines on the six key—

Senator CADELL: How many bad words?

Ms Jolly: The six key criteria—sex, drugs, nudity, violence, themes and bad language. Those guidelines don't change very often. They set broad principles. There is some level of specificity on some of the key community items. What changes is the composition of the Classification Board. Members of the board have set statutory terms and limits. As that group of people changes, they change and they become the face and voice of what reasonable people in the community are thinking.

Senator CADELL: You said Netflix has their own system. Do the other streamers have access to these other systems, such as Spherex?

Ms Jolly: I know the department officials are here. If they wish to give more information, they can. The department has released guidelines on how other streaming services can develop their tools.

Mr Sharp: The Spherex tool aggregates largely Apple TV content. Netflix you're aware of. I want to make a point of clarification on games. The large marquee ones such as *Assassin's Creed* will come directly to the board primarily or they'll go through an assessment process. Largely, the mobile app games are going through the IARC tool on scale. But the auditing and the oversight of the board is continuous on that all the time.

Senator CADELL: But *Assassin's Creed* would still be 20 days?

Mr Sharp: It depends on the application. They can pay to have it within five days and we'll do that, absolutely. But that is the requirement.

Senator CADELL: Outside this committee, there is a big push from the previous government and this government for a gaming tax offset. We are seeing a bigger industry set up in Australia. Will it be more work for you if games are made in Australia or simply they are released here anyway and it won't make any difference?

Ms Jolly: I don't think there is any implication for us in particular.

Senator CADELL: With regard to criteria of violence and harm, some people have raised the issues of self-harm and suicide. What would get covered under your classifications? What are we doing on that?

Ms Jolly: That will come under the area of themes. We've just announced—the minister and I just announced this morning—that the Classification Board has agreed to provide more detail in consumer advice for film and computer game ratings. You are now more likely to see consumer advice which talks about suicide themes or scenes in a classification.

Senator CADELL: Do you ever get involved—this is a general fishing question—in gambling advertisements?

Ms Jolly: No.

Senator CADELL: Nothing? Okay. That is all I have.

CHAIR: Thank you very much. We will now release the Classification Board representatives. Thank you for your time. We appreciate you coming along. I will ask officers from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts to come forward to the table for outcome 6 and program 6.1, arts and cultural development.

Department of Infrastructure, Transport, Regional Development, Communications and the Arts

[12:36]

CHAIR: Mr Betts, do you have an opening statement?

Mr Betts: No.

CHAIR: It's good to see you in great spirits after the great T-shirt debate yesterday!

Mr Betts: It was inspiring!

CHAIR: Yes, it was inspiring. I was quite impressed!

Senator HANSON-YOUNG: Minister, do we have a response on whether we're going to get a copy of the targeted stakeholder consultation paper?

Senator Carol Brown: Yes. I can say that the consultation paper was provided in confidence to stakeholders for the purpose of targeted consultation. I'm not in a position to supply it to the committee today.

Senator HANSON-YOUNG: Are you claiming public interest immunity?

Senator Carol Brown: No. I will just complete this.

Senator HANSON-YOUNG: Sorry, yes. Go ahead.

Senator Carol Brown: In accordance with the confidentiality of the consultation, the paper will be supplied to the committee after the conclusion of the consultation process in May and as soon as practicable in early June, or we could have a private briefing and give it to the committee.

Senator HANSON-YOUNG: So the minister has agreed to give the committee a copy on a confidential basis?

Senator Carol Brown: A private briefing.

Senator HANSON-YOUNG: You will provide a briefing. I am asking for a copy of the paper.

Senator Carol Brown: I will check that. Yes.

Senator HANSON-YOUNG: Can we organise a time with the secretariat for that paper to be given confidentially? I'm willing to take it on that basis.

CHAIR: I think from our conversations, everyone is okay to take that paper on a confidential basis.

Senator HANSON-YOUNG: The issue is that everyone is talking about it.

CHAIR: It would be good to see it.

Senator HANSON-YOUNG: It would be good to see it. I don't want to keep pretending that I don't have it. Thank you very much.

Senator Carol Brown: I'm glad to assist.

Senator HANSON-YOUNG: That's very helpful. I want to go to a couple of other topics now, if I could. I am interested in the immediate support for particularly live performance at the moment. We know that the Falls Festival is cancelled for this coming season. Dr Arnott, we have raised this previously. We were waiting for the budget to see what the government would do. It seems that the remaining \$42 million is made up from \$22 million for the Live Performance Support Fund that was never spent because it became unusable for four or five days after it was announced in the October budget last year and the remaining \$20 million in the RISE funding. That is how I am getting to \$42 million, just to be totally clear with you. What has happened to that money in the budget? It seems to me that some organisations and parts of the industry could really use it.

Dr Arnott: There are a couple of things to say on that. Obviously, in the budget, the government has committed \$199 million over four years to what will become Creative Australia. As part of that, there is \$69 million over four years for contemporary music. That money obviously commences from 1 July. I think as I said last time, we've run some rounds of the Live Music Australia program, which allocates \$5 million every year to the live music sector. There have been five rounds of that, with another round to come this year.

Senator HANSON-YOUNG: Can you help me understand what happened to that \$42 million that was in the October budget

Dr Arnott: It was redirected to other initiatives.

Senator HANSON-YOUNG: So that \$42 million has gone into this \$199 million, effectively? Is that what you are saying?

Dr Arnott: Effectively. I think \$45 million is the correct amount, yes. It is the remainder of the Temporary Interruption Fund and the Live Performance Support Fund.

Senator HANSON-YOUNG: My concern with that is that is over four years when there is an immediate need still in live performance and the live performance sector. Even though the COVID restrictions are lifted, the industry is still struggling to come back. We've had the floods. Borders have been closed. The industry is still trying to get up on its feet. There are skills shortages in the areas that support the ecosystem. I'm not telling you anything you don't know. You know this better than I do. Is there any thought from within the department as to how some of that money could be spent in a more immediate sense?

Dr Arnott: Well, I think that because Creative Australia has now been given significant additional resources through this budget, I'm sure the sector will be working closely with Creative Australia on the immediate needs of the sector. Obviously, Music Australia has been set up within Creative Australia to be a direct line to live performance, particularly the contemporary music industry, to enable them to get these types of issues addressed. As I said, we are going to be rolling out another round of the Live Music Australia program in the fairly near future. It has been supporting live performance music organisations.

Senator HANSON-YOUNG: So nothing specific that can be used to help the festival sector get back up on its feet or get through this next season?

Dr Arnott: There's not a specific allocation; that's correct.

Senator HANSON-YOUNG: I will go to the Creative Australia Bill that has been introduced into the house today. I am interested in a couple of elements of it. What will be the make-up of Music Australia's board? The make-up is an issue that continues to be raised with me. It is about ensuring it covers the diversity of the sector and the key elements of the industry so that it's able to have a proper go at helping lift the industry to the next level.

Dr Arnott: I think the bill proposes that there will be nine members of the Music Australia Council. They will be appointed by the minister in consultation with Creative Australia. Those decisions about the membership and the make-up have not yet been announced. But the bill does say—I will ask Alison to give you the exact words—that the minister must take into account the skills and expertise that would be needed on such a council.

Ms Todd: That's correct. The decisions about who will be appointed to those councils and the board are decisions of government in consultation with the minister and the chair of the board except in the first instance of establishing them, because in the first instance there won't be a chair. It will all happen at around the same time.

Senator HANSON-YOUNG: I am keen to understand whether there will be some type of principles or guidelines published by the minister to ensure that the board is made up of artists, record labels and live performance and festival promoters. I would like to see some of those specific areas within the sector actually named not in the legislation but in a commitment from the minister. This will show that he understands. It would be the purview by which any appointments will be made. Is that something you can give us here?

Ms Todd: I think the bill outlines the kinds of areas and responsibility that the council will look to address. As Dr Arnott said, it outlines that it will encompass a range of skills, including the things that you have outlined. I think the minister has also publicly said that it will reflect the diversity of the people involved in the sector.

Senator HANSON-YOUNG: Thank you. I am interested in the term appointment of the board being four years rather than three. It seems less common. Three years seems to be the term length for similar government boards and agencies. I am interested in the rationale for four rather than three.

Dr Arnott: The maximum term hasn't changed. There's still a maximum period of nine years. I think in the interests of stability and so on, the minister and the government have gone for four-year terms in this instance.

Senator HANSON-YOUNG: Was that based on specific advice? Has somebody called for that or asked for that?

Dr Arnott: I can't speak for the minister on that.

Senator HANSON-YOUNG: Has the department received any submissions from any organisations or representative of the industry asking for four years?

Dr Arnott: No. Not that I am aware, no.

Senator HANSON-YOUNG: Have you received any requests asking for three years?

Dr Arnott: No.

Senator HANSON-YOUNG: No-one has contacted the department at all about the length of term for these board positions?

Dr Arnott: No.

Senator HANSON-YOUNG: Another part of the bill goes to the purpose of Music Australia. I am interested to see the different wording that has been used for Music Australia versus Screen Australia. The purpose for Screen Australia reads:

...promote the open markets as the primary means of support for projects with commercial potential.

It goes on:

...promote the development of commercially focused screen production businesses.

It's very focused on saying that the purpose of this is to ensure that products are able to be put into the commercial market and that they are able to have commercial success. Keep in mind that I have only read the bill today. This is why I am asking these questions.

Dr Arnott: I understand.

Senator HANSON-YOUNG: The bill for Music Australia states:

Music Australia will be responsible for supporting and promoting Australian contemporary music practice and the development of markets and audiences for contemporary music practice.

I would like to know what the thought was behind that more general language as opposed to the more specific language about making it commercially successful and getting it to market.

Dr Arnott: Alison might be able to give you a bit more detail. In the consultation for the national cultural policy, we received lots of submissions from the live music sector that talked in those kinds of terms about opening up markets, growing audiences and so on. I think it is probably fair to say that the wording in the bill was partly informed by that consultation. It is not to say that commercial outcomes are not important. They are very important for the music industry, of course. We based the wording on what we heard during the consultation during Revive.

Senator HANSON-YOUNG: Perhaps you could take this on notice. I am interested to know whether there would be any impediment or, conversely, support from the government to include a more specific point about the job of Music Australia. Its job would be to make Australian music commercially successful. What we want to do here is not just have one Australian hit in the ARIA top 10. We want more of them. They have to be able to get to that commercial level, be in the market and be successful. It's not everything. You might be surprised that I am asking this question. If this is taxpayers' money that is going into this, if we want people to back this and we want it to be sustainable, there has to be a commercial benefit for the industry.

Dr Arnott: Yes.

Senator HANSON-YOUNG: Take it on notice. I would be very keen to see what the department could come back with.

Dr Arnott: I have just one thing to add. I think Mr Cox has something to add. It's worth noting that in the Creative Australia Bill itself there is a new clause that talks about the capacity of Creative Australia to invest on commercial terms. While it is not in there, the legislation actually gives Creative Australia the ability to be able to work in that way, which it doesn't currently have.

Mr Cox: The Revive cultural policy outlines in some detail the expectations of Music Australia. I note that the first point is to grow the market for a contemporary Australian music. There is a significant number of activities within Revive that—'prescribe' is probably too much—certainly outline the expectation of Music Australia. I think it would be useful to read that in conjunction with the legislation.

Senator HANSON-YOUNG: You have heard what I have put to you. Take it on notice. It may be that this bill goes to an inquiry and we are able to get into the midst of it. From my perspective—I guess I flag it here, Chair—I don't think this bill should be controversial. I think it does a lot of the things that we think we need it to do. If it means some amendments to ensure that it captures everything, I'm not sure we're going to need a full-blown, standalone inquiry. That's why I am asking these questions here. This is my last section. I want to ask about the Creative Workplaces elements. The principle of the Creative Workplaces and coming up with a framework for this to be responsible for promoting fair, safe and respectful workplaces is important. It is absolutely essential. What I am worried about is it's a pretty broad remit. Could you remind me how much money has been put aside specifically to do this element?

Dr Arnott: As the minister said this morning, there will be \$8.1 million over four years.

Senator HANSON-YOUNG: For the whole element?

Dr Arnott: Yes. For Creative Workplaces, yes.

Senator HANSON-YOUNG: I am hoping that we can get to a point where there's a few more specifics in relation to this. The creative sector has gone without a focus on this and has been dealing with these issues for a long time. There's now this expectation that this agency will be able to do everything. And \$8.1 million is not an awful lot to do all the things that it's going to need to do to meet people's expectations. Is there a work plan or a timetable for the different elements over the next four years that this agency will fulfil so that people can be a bit more realistic about where that money is going to go and how successfully it's actually going to be able to deal with these issues?

Dr Arnott: I know that Creative Australia has been working on the plans for Creative Workplaces. The minister did say in his second reading speech this morning that it would provide guidelines for businesses and other employers operating in the sector and that those guidelines would need to be adhered to as a condition of government funding. So there are plans being drawn up. The expectation would be that the council overseeing Creative Workplaces will be appointed early in the new financial year and a director will be appointed as per the legislation. There will be clear plans and information available to the sector about how they can avail themselves of the services of Creative Workplaces.

Senator HANSON-YOUNG: Do we have any idea how, in terms of staff resources, how many staff this output will be allocated?

Dr Arnott: I think that would be a question for Creative Australia.

Senator HANSON-YOUNG: That hasn't been factored into this \$8.1 million? What is that money going to be spent on?

Mr Cox: It's going to be spent on the function of Creative Workplaces. But Creative Australia, which is on next, I think, will be best placed to give you the detail of how they intend to utilise the money.

Senator HANSON-YOUNG: Will any of the remit include the development of a minimum wage for live performance?

Dr Arnott: That is not directly canvassed in the functions for Creative Workplaces.

Senator HANSON-YOUNG: Is the department doing any work around this idea of a minimum wage for performance?

Dr Arnott: It was raised during the consultations on the national cultural policy. The committee that worked with us on Revive flagged it in their report as something that should be considered in the future policy work. There's a pilot in Ireland at the moment with a minimum wage for artists. We're monitoring that quite closely to see how that operates. I think it's a two-year pilot with a minimum wage. Yes, we're very aware of the issue. We are keeping an eye on developments overseas. We're not developing policy directly on that. We're obviously implementing Revive.

Senator HANSON-YOUNG: Who will be represented on the Creative Workplaces Council?

Dr Arnott: That is a matter for the minister. I think, again, the legislation it makes it clear that it needs to have people with the appropriate skills, experience and knowledge in the area to be appointed to the council.

Senator HANSON-YOUNG: What is the time frame for that, do you think?

Dr Arnott: It partly depends on the passage of the legislation. Obviously, once that passes through the parliament and receives royal assent, the minister will be in a position to make those appointments.

Senator HANSON-YOUNG: Can you remind me how many members that council will have?

Dr Arnott: Seven.

Mr Cox: Seven.

Senator HANSON-YOUNG: Is that in the bill?

Dr Arnott: Yes.

Senator HANSON-YOUNG: Thank you. Chair, I am happy to hand it on.

CHAIR: Thank you, Senator Hanson-Young. Let's try to stay together on this with all the best ideas.

Senator HUGHES: Minister, does the government still support legislating a minimum Australian content quota for streaming services?

Senator Carol Brown: We had a bit of a discussion about this in the communications portfolio. What is happening now is that, as I understand it—I'm trying to find the information for you so I give you the right information—the ministers have committed to act so Australians continue to be able to see and hear quality home-grown content regardless of the platform they are using. The Minister for the Arts and the Minister for Communications have been undertaking consultation jointly with stakeholders. It has been conducted in a number of ways. They've both attended roundtables together. There's a consultation paper to stakeholders, which we talked about a bit earlier, which the committee will receive. Once that consultation process is completed, there will be an announcement.

Senator HUGHES: Who is actually responsible for the policy and the legislation around SVODs? Is it Minister Burke or Minister Rowland?

Senator Carol Brown: Both of the ministers are involved in that process.

Senator HUGHES: But only one of them can be responsible. Which one is it?

Senator Carol Brown: They are jointly responsible.

Senator HUGHES: No. There is no joint responsibility. Is it under Minister Rowland or is it under Minister Burke?

Senator Carol Brown: I have answered the question. They are jointly responsible for this process. We have had—

Senator HUGHES: Who will be bringing the legislation into the House?

Senator Carol Brown: Both the Minister for the Arts and the Minister for Communications. They have been undertaking the consultation. Both have attended to—

Senator HUGHES: So we don't know? In a bid, as per yesterday, to keep things moving, if we don't know, we don't know. Maybe you can take it on notice and let us know.

Senator HANSON-YOUNG: Your point about who introduces it into the House is important. It will have a minister's name on it.

Senator HUGHES: Yes. It's not—

Senator HANSON-YOUNG: Someone speaks first.

Senator HUGHES: It's Minister Burke or Minister Rowland who is going to introduce this and be responsible. I'm trying to understand who is responsible for policy and who is responsible for legislation. If there is a difference of views between the ministers, we don't really know where we're going to land. I would like to know who is responsible.

Senator Carol Brown: Can I just say—

Senator HANSON-YOUNG: If the minister is going to come back to us, I would like to be specific about the question. Which minister's name will be on the bill? Which minister will speak to the bill first?

Senator Carol Brown: Again, I will reiterate that they are both responsible for policy. What comes forward and who tables it will depend on what the model is for the legislation.

Senator HANSON-YOUNG: It depends on who wins.

Senator HUGHES: Yes, clearly.

Senator Carol Brown: No. I know it's hard to believe.

Senator HUGHES: I would have thought streaming services fell under Minister Rowland, but Minister Burke will win out on the other side. I won't tell you which side I'm barracking for.

Senator Carol Brown: I hope you're not cheering for particular sides.

Senator HUGHES: I really feel like there should be a Tina Turner reference here, but I'm not quite sure. Minister Burke has said that he will impose a quota in the second half of this year. I guess this is coming back to the question. Minister Rowland is responsible for streaming services yet it is Minister Burke who appears to be dictating what is going to happen with regard to this quota. He said that it is coming in in the second half of this year. We're only about five weeks from the second half of this year. Is that something that the government is still on track to have occur? Is that still what is happening?

Senator Carol Brown: Yes, I believe so. I can take that on notice.

Dr Arnott: If you don't mind, I can answer that.

Senator HUGHES: Sure. Any clarity would be good here.

Dr Arnott: The National Cultural Policy, which is a government document, commits to content requirements on streaming services, with legislation in quarter three of 2023 to commence on 1 July 2024. That is a government commitment. That is not a Minister Burke only commitment. It is a commitment of the government. That is just to be clear. Yes, that is the plan. It is to have legislation in quarter three.

Senator HUGHES: Right. And it's your understanding that it will be Minister Burke's name on this since he is the one making the commitment? We have a situation where Minister Rowland hasn't replied to questions on notice with regard to streaming services. Her failure to reply to—

Mr Betts: A consultation is underway at the moment. The outcome of that consultation will obviously be considered by the cabinet. It will consider, among other things, the legislative vehicle by which whatever final position the government adopts is implemented. At that stage, I imagine clarity will be given as to exactly how the legislation is managed through the house.

Senator HUGHES: Perhaps, Minister, you can take on notice whose name will be on the legislation and get a commitment so that we can all start to understand which minister actually has responsibility for this.

Senator Carol Brown: As I have already explained—

Senator HUGHES: It's alright, Minister. I'm happy for you to take it on notice.

Senator Carol Brown: The policy is jointly—

Senator HUGHES: I am asking whose name is going to be on the legislation.

Senator Carol Brown: I did say before—and it has just been outlined by Mr Betts—that it will depend on the model coming forward. If I can get any more information, I am happy to supply it. It has been quite clear, I think.

Senator HANSON-YOUNG: This is an obvious question. Sorry, Senator Hughes.

Senator HUGHES: Senator Hanson-Young, I am done. If the chair would like to give you the call back, I am happy to sit back and watch the show.

Senator HANSON-YOUNG: This is very collegiate. The question that raises, though, is if it depends on the model, each minister must be representing different interests. Who is Minister Rowland representing? Who is Minister Burke representing?

Senator Carol Brown: I know this is difficult given the last nine or so years. This government works together. I don't agree that they are representing different interests. I am saying that together they both have carriage in terms of policy in this area. They have been consulting together. They will continue to do so. We have outlined the time line. Dr Arnott has outlined the time line and the commitment that the government has given. I will leave it there.

Senator HANSON-YOUNG: Who decides on the model?

Senator Carol Brown: That is all a part of the consultation that we are going through and the discussion we are going through.

Senator HANSON-YOUNG: If the minister who is in charge of bringing forward the legislation to the parliament presumably is in charge of negotiations, who decides which model? If it is a consultation, someone has to pick a side.

Mr Windeyer: It will be a government decision, Senator.

Senator HANSON-YOUNG: It's who wins the numbers in cabinet.

Mr Windeyer: Ultimately the authority for the legislation is a government decision.

CHAIR: You are in a state of shock to see that the Labor Party can actually negotiate amongst its ministers and find a way forward. I think your point is very accurate, Senator Hanson-Young, about the two ministers operating in different spheres. They are crossing over but in different spheres. I think that gives a perfect opportunity to get the best possible outcome.

Senator Carol Brown: It is about joint consultation, joint responsibility for the policy and joint decision-making.

Senator HANSON-YOUNG: I think we can all see what is going on. Let's move on.

CHAIR: What would the committee like to do?

Senator HUGHES: I'm all good.

CHAIR: Would you like to wrap up? We might be able to let the department go and not have them come back after lunch.

Senator HUGHES: I'm very relaxed.

CHAIR: Are we all relaxed with that?

Senator CADELL: If we are going to do that, I will be a bit longer. I will be no more than five or six minutes. I think we are setting up a digital games and business development team within the ministry of arts. Is that correct?

Dr Arnott: There are staff working on the digital games industry, yes.

Senator CADELL: Is there a dedicated office for digital gaming and development?

Dr Arnott: It will be a team within one of the branches, yes.

Senator CADELL: How big is that team?

Dr Arnott: Good question. I might see whether Mr Potkins can say what the current staffing is.

Mr Potkins: I believe there are going to be three members of staff working on digital games and the digital games tax offset in the branch.

Senator CADELL: That is a Treasury thing, the digital games tax offset?

Mr Potkins: Essentially, we have responsibility for the digital games tax offset policy and the legislation. We have staff members working on that aspect of the digital games.

Senator CADELL: It is not Treasury that it is going through?

Mr Potkins: The offset is done through Treasury and through the Income Tax Assessment Act. We have policy responsibility for various aspects of digital games.

Senator CADELL: Minister, I know it has passed the lower house. Will it be brought to the Senate before the end of the financial year?

Senator Carol Brown: I'm not sure of the legislative program in the Senate, but I can check that for you, absolutely.

Senator CADELL: Thank you, Minister. A lot of companies are excited by this. This has been a policy of the previous government and this government. They are making steps now on the basis that it is coming. Is there confidence from the department that it will be in before the end of the year?

Dr Arnott: That is a matter for the parliament.

Senator CADELL: Hard to express confidence?

Dr Arnott: What we can say is that whenever it passes, it will be as if it has been in effect since 1 July.

Senator CADELL: I understand that. I think there are financial decisions by parent boards overseas that are pending. I am making sure, shall we say?

Dr Arnott: I understand totally, yes.

Senator CADELL: Given that this industry is as big on a consumer basis as Film Australia and given that we are about to hopefully launch a new era of gaming in Australia with the digital gaming tax offset, are there opportunities to expand within the department our commitment to computer gaming as an industry, an employer and a creative outlet in Australia?

Dr Arnott: I think it's fair to say that we do expect quite strong demand for the tax offset once it comes into effect. We will obviously make sure that there is an appropriate level of staffing to handle that particular bit of important work so that there is effective delivery of the tax offset. We have staff who are knowledgeable about the games industry who work very closely with games companies and their representatives. That will happen.

Senator CADELL: No doubt when it comes to the screen versus gaming, there are differences in standards. I know you said that three staff work on the tax offset at the moment. Some areas of industry that have come to me have said they are holding back things going forward because they are looking at this exciting time. Will the office be able to liaise with the department of foreign affairs or Home Affairs on visas and the like? A film producer coming to Australia who is well-recognised and who has worked on big projects can get a skilled visa within weeks but never more than a month. Video game producers don't have that same impact. The makers of *Assassin's Creed* are spending hundreds of millions of dollars on a production. They can't get the temporary staff visas to come here and be part of these things. Will the office be able to evolve into something like that under you?

Dr Arnott: Well, it's certainly true that we do work very closely with the Department of Home Affairs on visa issues across the screen and performing arts sector. We will continue to do that. We obviously are not responsible for the visa system, so we can't change that, but we can certainly do what we can to help priority processing.

Senator CADELL: I missed that group being included in the skilled visa program. For film, you tick a box. There is nothing in the digital gaming industry that allows that. They have exactly the same set-up. They are directors. On the big productions, they have same skill set and are on the same wage. Can this office lobby for that, or would it have to be a separate process?

Dr Arnott: Yes. It's not really our role to lobby, Senator. I think it's something that the games sector itself should bring to the attention of the Department of Home Affairs.

Mr Cox: I want to put out another comment; Mr Potkins just reminded me that Revive provided \$12 million funding to Screen Australia for—

Senator CADELL: Yes. I am going to ask later about how it's going to be spent.

Dr Arnott: Great.

Senator CADELL: That is also a concern now you have raised it. We have that \$12 million for Screen Australia. It is virtually the same ongoing funding as there has been under different programs and things. We have the digital games tax offset. The government will put tens of millions of dollars, potentially more, into the industry in Australia. It's going to grow exponentially, we hope. We're seeing the Canadian provinces. We've seen what has happened there with that sort of thing. Is keeping the money the same if the industry grows exponentially the right answer?

Dr Arnott: I don't think it's quite correct to characterise it as the same. This is an additional \$3 million per annum for Screen Australia ongoing to support the games sector. It is specifically designed—

Senator CADELL: There is that \$9 million to \$3 million split?

Dr Arnott: Sorry?

Senator CADELL: There is \$9 million for traditional screens and \$3 million for games.

Dr Arnott: There is \$3 million a year for games. It is designed to support those companies that are not eligible for the tax offset. As you probably know, the tax offset has a threshold of \$500,000 on games expenditure. Screen Australia is obviously able to use its funding to support smaller games developers to scale up and get—

Senator CADELL: Haven't we always had a program for smaller games?

Dr Arnott: Well, Screen Australia have recently allocated from within its resources some funding for games. It is not since, I think, 2012 or 2013 that we have had dedicated games funding provided by Screen Australia.

Senator CADELL: I will take more up with them. Thank you very much.

CHAIR: Thank you very much. We are going to let you go and not have you come back. I have one question of Mr Betts. What is your opinion of the *Mississippi Rolling Stone* album? You can take that on notice.

Mr Betts: I'll take that on notice.

Proceedings suspended from 13:20 to 14:23

Australia Council

CHAIR: I welcome the Australia Council and would be delighted to hear your opening statement.

Mr Collette: We have a short opening statement. I acknowledge the Ngunnawal and Ngambri peoples, who are the traditional custodians of the land on which we meet, and pay my respects to elders past, present and emerging. Today is a historic day for the Australia Council, and I was glad to be here in the public gallery this morning for the introduction of the Australia Council Amendment (Creative Australia) Bill 2023. The Australia Council has a 50-year legacy of supporting arts and culture in Australia, including investment in First Nations arts and creative practice. Creative Australia will be a bigger, more impactful champion and investor for the arts, bringing together public, private and commercial support which will open up broader investment opportunities. The minister referenced this morning that creativity spans communities, industries and borders. With artists at the heart of all we do, Creative Australia will invest to build audiences and marketplaces for Australian stories to be shared on a national and international scale to connect us and bring our rich culture to the world.

Senator CADELL: Welcome to your last estimates as head of the Australia Council. How long has it been since the announcement of the merger and renaming?

Mr Collette: The merger with CPA, Creative Partnerships?

Senator CADELL: Yes.

Mr Collette: That was announced as part of the election promise by Minister Burke, and legislation was introduced at the last sitting of parliament. That is now very well underway and, as of 1 July, Creative Partnerships Australia will become part of Creative Australia. Much work has been done with, I am happy to say, our CPA colleagues to bring that about.

Senator CADELL: Talking of agencies, policies and laws, sometimes we lose sight of people. How are the people in this going? Are people going to lose their jobs in this? How are they feeling? Can you talk me through how that people process is going?

Mr Collette: I am happy to do that. It is very important. Very early on, through our chair, we gave the undertaking to the chair of CPA that all staff would be transferred to Creative Australia, with one exception, and that is the Chief Executive Officer, Fiona Menzies.

Senator CADELL: I am sure she was pleased to hear that.

Mr Collette: I would like to thank Fiona for close to 10 years of dedicated service to CPA. That was the principle that we introduced very early on, and then the job became how to transfer these skills as well as possible, how to build on the remarkable work of CPA over the last 10 years. For us, the big opportunity is, as I said in my introduction, that for the first time the government's primary funding agency will be able to work with philanthropic, public and private investment, which changes in scope what we can do. Now we are really into details. The board has agreed that we will be keeping, I think, 17 CPA colleagues. That is how many there are, most of them based in Melbourne.

Senator CADELL: So it's all of them? No-one is left behind?

Mr Collette: No-one. The state manager in Queensland has gone to a very good job with the Queensland Museum, but, with no other exception, they were transferred to Creative Australia.

Senator CADELL: That is good. We often lose sight—

Mr Collette: I could not agree more.

Senator CADELL: With fear of the unknown with change, is counselling or help being put in place for the people who are transferring so they can feel more comfortable about it?

Mr Collette: We have not felt the need for that. We have worked incredibly closely. Tim Blackwell, to my right, has been the executive director responsible for the transfer, but we have worked very closely. We did employ Chris Steinfort, a specialist in this area, to work with each of the Creative Partnerships employees who were coming over, just so we could get a neutral person really trying to understand their priorities. That has worked really seamlessly, and we really are now in the position, literally, of signing off job descriptions. We expect the transfer to be very smooth.

Senator CADELL: Six weeks to go. I think you said it was 1 July that it would be all done and dusted, is it?

Mr Collette: Correct.

Senator CADELL: Every change has some downsides, but has it affected the operations of the two groups, knowing they are coming together? Is there stuff put on the backburner a bit? Are we still happy with how things are going right now?

Mr Collette: I am very satisfied. The reality is that people are seeing this as a real opportunity. Our colleagues at CPA are joining a bigger organisation that has just been very significantly invested in by the government. They will come in doing their current roles, but there will be opportunities for growth as we grow. So I think they are seeing that as an opportunity. We are very sure now on how the integration will take place, where everyone will be sitting. That has been done in close consultation with CPA colleagues, and they seem very satisfied. The important principle that we announced very early on is that Creative Australia is in many ways a new organisation. We are all going to have to change. So we are not saying, 'You are being merged into something that is set in stone'. Quite the opposite.

Senator CADELL: Everyone is moving.

Mr Collette: So, for all colleagues at Creative Australia there could be great opportunities in the future as our remit expands.

Senator CADELL: What is your head count, or ASL?

Mr Collette: It is 109.

Mr Blackwell: It is 108, this financial year.

Senator CADELL: Is that ASL or head count?

Mr Blackwell: That is ASL.

CHAIR: Does that include the 17 CPA staff or is that on top?

Mr Blackwell: No, this is today, in this financial year.

Senator PAYMAN: I would like to ask about consultation around Music Australia. I understand you have been undertaking this consultation around the new bodies that will become part of your organisation. Is that correct?

Mr Collette: We have. Since the Revive policy was announced as a policy, we wanted to stay very engaged with the sector. As you probably know, the response was very strong. The money, the investment, is hugely important and unprecedented, particularly for contemporary music—First Nations writing. But so was, I think, the recognition of the importance of the creative sector, and indeed the creative industries, which is language we have become much more comfortable about. So, while we knew it was going to take time for legislation to be drafted, introduced this morning, and to go through the house before the minister can stand up the councils and we can get on with the business of implementation, we thought it really important to engage with the sector, which was so enthusiastic about being recognised as a contemporary music industry, and we have done that. We have had more than 30 consultations with artists, importantly, with artists' managers, and with labels, both independent and other. What has been most encouraging about it, other than the enthusiasm, is that there are really serious challenges for the contemporary music industry. The way I think of it is: it is almost back to the future. With the streaming services in particular and a lot of other gatekeepers gone, for better or worse—I mean that advisedly—it is very clear that, for contemporary musicians, bands and songwriters to get any cut-through, it is almost impossible through streaming services. So the back to the future bit is: they are back on the road, and not just nationally. The real point is: to get recognition at home, you have to get international recognition. That reminds me of the time some time ago, but that is the way it worked. That is something that is hugely risky, hugely costly. I have no doubt that Music Australia will have to find ways of dealing with that, as time goes on, but the issue of discoverability and of export and export readiness have emerged as two of the big issues to come out of these consultations, along with skills and other things you could probably predict. So the virtue of this is that we as an

organisation got to understand the main things that will be coming at us very early on in the piece. Then, of course, it will be up to the council that the minister appoints to advise us on the best possible strategy and priorities for implementation following that. To hear the challenges is always confronting. To get the knowledge has been hugely satisfying, so we can get off to a fast start.

Senator PAYMAN: Absolutely. Thank you. Have you had similar consultation around Creative Workplaces?

Mr Collette: Yes, we have. We have talked to a number of people I would describe as experts in the field, which we as the Australia Council don't pretend to be. That is very much under consideration. Again, the process will be the same. The legislation has to move through parliament. The minister will make appointments of the Creative Workplaces board. We will then get on with recruiting an expert executive to stand this thing up in the best possible way, because we understand how vital it is to the sector. There has been so much interest from various industry bodies in particular—music and live performance—because we recognise that the whole issue of safe workplaces is a very big issue. I think it is good that it is part of Creative Australia, because you can't aspire to be a major investor in the sector and not look of after workplaces; it is so fundamental to what we do. But we will be bringing those skills into Creative Australia.

Senator PAYMAN: Has the response from the extensive consultation with the sector indicated that something like Creative Workplaces is necessary at the moment?

Mr Collette: Without doubt. The most recent example is the *Raising their voices* report. Interestingly, the New South Wales government has just committed \$4 million to invest in a response to those issues. Live performance Australia has developed significant protocols around workplaces. I think the opportunity we have is to set national standards around this, something we are getting much better at, working with jurisdictions and state governments. They all have an interest because they are recognising the value of this industry. We will have the opportunity to work with some of the sector peak bodies as we implement this going forward.

Senator CADELL: As you said, we have more outlets to be creative than we probably ever have had before, and getting prominence and discovery is a big problem going forward. There are many different layers and it is not exactly in your area, but how do you see the different challenges now that we are going into this new form versus what it was 10 years ago, for a young artist—no matter what form that is? I am something of a philistine in the arts, to be completely honest. I have had to immerse myself in a quick course of this. I took some recent graduates of some drama colleges in Sydney and had a chat, and they are quite intimidated about a few things for their future, because they are seeing money being safely spent on proven products, on proven routes. To give you a specific example, there is a writing group—two women, including a Singaporean national that has come here—and they are clicking and writing good products, but sometimes they are not being diverse enough even for the grant process to be accepted, and they bring someone else in and the chemistry goes a bit. What challenges do you see now in this space for new people—not the ones that are already there?

Mr Collette: Challenges are changing at the speed of sound, and that is a challenge for the established organisations. That would be my direct response. A place for every story, a story for every place: that is fundamental to the cultural policy. I have talked to senior members of government, to ministers, both state and federal, about the very real challenges and promises of social cohesion. Our society now is more diverse than ever, and the best way of harnessing the promise of that is that people can see themselves in the public narrative. That is why I so welcome this cultural policy. When the Prime Minister launched it, he said 'the great use of arts and culture is that it brings us together'. It is certainly a great challenge, and it will be ongoing, but, in my view, not sufficient members of our society see themselves in a lot of cultural expression. I think it is changing, but with this cultural policy as one of its principles I think we have the opportunity to invest in that. Many of our established theatre companies, orchestras and opera companies increasingly recognise this as an issue too, because if they are going to remain relevant to the broadest possible constituency, they too will have to change. We have very strong partnerships with those organisations, so we are very conscious of the kind of thinking they are doing around that. The challenges of artists breaking through have ever been thus—and I say that with great respect; it is a tough business to get recognition, whether you are an opera singer or a contemporary musician writing songs. But, hopefully, the \$200 million over four years will help us invest in some of the extraordinary talents coming through.

Senator CADELL: Is the path to large success for artists in Australia still generally to head overseas?

Mr Collette: That is a tough question. I think what I was saying was that it is in danger of returning to that. The celebration of Australian contemporary music through the 1980s, 1990s and early 2000s was just extraordinary, but the dynamics of the business have changed, and some artists have actually said they are happy with streaming services; they are getting lots of exposure. They go on the road. But it is rare. And the question is who you invest in, and how long you have to invest in them. One of the changes I see for the Australia Council

becoming Creative Australia is that we can't simply be a grant-giving body. You have to make longer term investments in Australian skills if you are really going to get the kind of exposure that Australian artists need. I love the APRA AMCOS ambition of being a net music exporter. There seems to be very little doubt about having the talent and creative pipeline to do that, but there has to be a combination of investment and policies to support that over time.

Senator CADELL: I put it to you that if I were taking \$90 million of artists' money, I could build an empire of anything I wanted to do! As a consumer of arts, not a contributor or creator, we have never been this entertained. It is almost on demand, whatever I want from across the spectrum, from things I would never want to touch to things that I seek. But it is not just in genres like music; there is everything, from TikTok reels now—not that I am on TikTok or whatever. There is entertainment everywhere we go. Is it just going to become harder and harder?

Mr Collette: It is going to get harder and, let us say, increasingly competitive, but with that comes extraordinary opportunities. The story behind what is so available is really important, how it is put together, how streaming services make things hugely accessible. But what is the story behind how they work, and who does it discriminate for and against? We spoke to the screenwriters association about how their rights might be bundled up in deals done and screened—what does that do to ongoing royalties? So I think the real work here is understanding how these dramatic shifts are affecting opportunities for artists behind what we see.

Senator DAVEY: How are we going in the regions?

Mr Collette: I think we are making steady progress over the past four years. In terms of what the Australia Council is doing, there has been about a 14 per cent increase in our funding directly into the regions. In the last 12 months, the investment into regionally based artists or companies was \$22.6 million, and that is a 14 per cent increase over the last four years. Of the 150 multi-year organisations we fund through the Australia Council, 34 of them are based in the regions. As you know, four regional arts organisations came into the partnership framework last time around. So I think there has been steady progress. It is a real priority for the Australia Council and certainly will be for Creative Australia. Importantly, I think the change in the way we account for it is that, when we talk about regional investment, it is about regionally based companies. On top of that, there was about another \$12 million of touring, which was largely metropolitan organisations of scale touring to the regions. It is very important. It creates activity, it creates engagement, it creates enjoyment. But I think there is such a big shift now in the way we think of regional creativity coming from the regions, rather than taking stuff to the regions, and I can only imagine that growing over time.

Senator DAVEY: And it is music to my ears, Mr Collette, because the first time I came in here and asked you about regional funding I got glass eyes and, 'We'll take it on notice'. It is such a pleasure that you come in, you're already prepared for my questions, that regional expenditure is growing year on year, and that we are not just focused on FIFO regional arts, but on arts from the ground up, because there are so many brilliant stories and creative minds in the regions. Of the multi-year funding, which is four years; is that right?

Mr Collette: Yes.

Senator DAVEY: So you have never got 34 in the region. When was the last lot of multi-years awarded?

Mr Collette: We are going through an evaluation now for the next round of four-year funding, and that is an expression of interest round. We will be announcing the results of the first stage in June. So yes, we are at the end of the four years, but this will be four-year funding for years 2024-25.

Senator DAVEY: So it will commence 1 July 2024?

Mr Collette: We have gone early. There will be more funding available. That is the first good news. With the return of the funding cuts as part of the cultural policy, the priority will be to get our success rates back up, in both four-year funding and project funding, both individual and groups. That will be where the bulk of the additional funding goes.

Senator DAVEY: Where has that additional funding come from?

Mr Collette: That came out of the cultural policy. There was \$44 million over four years, which was, let us say, the last of the cuts that had not been returned to the Australia Council from 2013-14, when those cuts were made.

Senator DAVEY: So this is brand-new money. It is not reprioritised from somewhere else in the arts portfolio.

Mr Collette: As I understand it.

Senator DAVEY: As you understand it—we will double-check that. So for the EOI process you have the expressions of interest. And the first part of the evaluation will be done in June, so companies that progress to the next stage that get an invitation to actually put in a formal proposal—

Mr Collette: No, I am sorry. I think the whole process will be done by June.

Senator DAVEY: You are being corrected.

Mr Collette: Yes, I am getting advice.

Mr Blackwell: The second stage of the applications will be decided, I think, by December—certainly fourth quarter of this calendar year.

Senator DAVEY: But you are giving companies plenty of time. You will go back to them and say, 'Yes, you have been invited'. They will then put their second phase application in. Hopefully, they will be alerted in December and, again hopefully, we can see even more of regional bodies getting that funding. They will have six months to prepare for when it commences on 1 July 2024, for four years, and that will see them through, give them stability and certainty until 2028.

Mr Collette: That is correct.

Senator DAVEY: That is very good news. I think you re-evaluated how the partnership framework went two years ago—just towards the end of our government—so it is now not just automatic MPA funding. There is a process in place where you evaluate.

Mr Collette: Indeed.

Senator DAVEY: How often do those evaluations take place?

Mr Collette: Every four years. So 2019 was when we changed the framework fundamentally—

Senator DAVEY: Which in my view makes it more robust.

Mr Collette: Much more robust, and it means that every four years all organisations have to submit a forward plan. The way the partnership framework effectively works is four plus four. So, if things are going well for organisations, they always have, in effect, eight years of funding, which makes their funding position very stable. But, importantly, as you say, we have introduced eight new organisations into that framework. There is the intention to work with the states to introduce more over time. It is important. It compels a really good conversation with state jurisdictions to agree what is the really critical performance infrastructure, which starts to build to a national infrastructure over time. So we are very encouraged that we will be able to introduce more organisations to that, and give them some security of funding. But, as you say, every four years that gets tested.

Senator DAVEY: They have to prove their worth, which is fair enough when we are talking about significant amounts of taxpayer funding. How much is in the partnership framework budget?

Mr Blackwell: Approximately \$130 million.

Senator DAVEY: Per annum?

Mr Blackwell: Yes.

Senator DAVEY: Which is significant, so it is quite right that it gets evaluated and re-evaluated.

Mr Collette: Even with the announcement of Creative Australia, this is by far the biggest government-directed funding that we are doing.

Senator DAVEY: And the \$12 million on touring? I do acknowledge that there are some regional bodies that get touring funding, but they are a small portion. Is that program going to continue? We used to call it Playing Australia. Is that continuing under Creative Australia?

Mr Collette: Yes.

Senator DAVEY: Are there any programs that people have got used to that will be significantly altered or cut under the Creative Australia model?

Mr Collette: Well, it is a competitive process, so there is nothing under the Creative Australia model that prescribes current people who are funded getting cut.

Senator DAVEY: No, I am not implying that. We know that the program rounds are project by project. I am not implying that people who currently have a project will get cut. People will always have to apply and justify. But under the old models we had Touring Australia, we had rounds specifically for certain areas. Are any of those getting reshaped with new or varied guidelines?

Mr Collette: No, that is not my understanding. The important principle is that, with Creative Australia, there is \$200 million of additional funds. So the integrity of our programs, with the return of the funding cuts, can only

be stronger. But, of course, we run competitive processes. And sometimes that means that some organisations that have been funded don't get funding, but we have new entrants.

Senator DAVEY: Everyone I know within the industry who works through program funding totally understands the competitive process. It is probably one of the biggest beefs, but also the biggest reality of the sector—that they know they have to compete. That is why we create some really good projects out of this, because they have to stack up and be value for money—although sometimes you have projects that make headlines for all the wrong reasons, but we will not go there today.

Mr Collette: Thank you.

Senator DAVEY: That concludes my questions for the moment. I will be back next estimates with a similar framework, but I want to continue to see the trajectory. Certainly, we are going in the right direction for regional arts and stories, and we will continue to back them in.

Mr Collette: Thank you.

Senator ROBERTS: I want to follow up on something we discussed last time. You may recall that last estimates we had a conversation about your power bills.

Mr Collette: Yes.

Senator ROBERTS: A lot of people are talking about power bills these days.

Mr Collette: They are.

Senator ROBERTS: This is estimates, and one of the purposes of estimates is to assess how you are spending taxpayers' money. That is what I want to revisit. Firstly, thank you for your detailed response, when you took my question on notice. That was SQ 23-003317. I hope all of the Public Service takes notes from you about how questions on notice should be answered. We appreciate it.

Mr Collette: Thank you.

Senator ROBERTS: In that answer, you said that you elect to add the green power product to your power bills. That is totally optional. You opt in, and you take extra money from the taxpayer to pay that expense. That is making your power bill 6.8 per cent—say seven per cent—more expensive than otherwise. Whether you opt in to pay the extra for green power or not, the same power comes through the same plug, probably from a coal-fired power station. But you are choosing to waste taxpayers' money on this optional expense that makes no difference to what is turning the lights on. How much did you pay for green power over the last year?

Mr Collette: I will have to take that on notice, unless my colleague has the answer.

Mr Blackwell: I don't have it.

Mr Collette: We will try to come back to you with an equally exemplary response.

Senator ROBERTS: Good, thank you. I don't expect this of you, but do you have any guess as to what your power bill is?

Mr Collette: I would not like to guess, no.

Senator ROBERTS: Can you also tell me how much you expect to pay this coming year?

Mr Collette: I can't tell you that, but I will certainly get that information for you.

Senator ROBERTS: You were established under legislation; correct?

Mr Collette: We are.

Senator ROBERTS: So I assume you have been established with the objective of funding the arts.

Mr Collette: Yes, we have, investment and advocacy.

Senator ROBERTS: Investing in arts and advocacy on behalf of the arts. Thank you, that is clarifying. What part of your objectives enables you to waste an extra seven per cent a year on a core component, power, when it is literally the same power coming through the plug whether you pay the extra expense or not?

Mr Collette: What part of our objectives? I think the Australia Council—Creative Australia to be—does have sustainability goals, and we try to exemplify those, which are important to the sector that we serve as well. Given that we invest in the sector, and we advocate for the sector, I think this is generally respected by the arts and creative industry.

Senator ROBERTS: I think you are wasting taxpayer money and that should be cancelled. Would not that money be better spent on the art that you are supposed to be funding?

Mr Collette: There is always a cost to investing in servicing the art that we are funding, and I think you will find that this is significantly respected by the sector.

Senator ROBERTS: The point is that you are spending an extra seven per cent on a key component—

Mr Collette: I understand that.

Senator ROBERTS: Same plug, same power.

Mr Collette: I understand that. But there are different kinds of value as well.

Senator ROBERTS: I am not arguing with you on that point.

Mr Collette: So this would be a small contribution to social and environmental value that is respected by the sector, and I am sure if you ask their general view on whether we should save whatever the sum is—seven per cent of our power bill, and I confess I don't know our power bill as I sit here—you would find very broad support for what we do.

Senator ROBERTS: I think there is a lot of ignorance—and I am not singling you out; I think it goes right through the community—about this green power, because the same power comes from the same place through the plug, regardless of whether you pay that seven per cent or not. So I would like to know what benefit you get from that seven per cent.

Mr Collette: I will take that on notice and come back to you, once I understand the argument that I think you are making—that there is actually no difference in this power. I need to satisfy myself on that argument and then we can come back to you with a response.

Senator ROBERTS: I am pleased to hear that. Thank you.

Senator CADELL: I took a cheap shot at the APRA AMCOS model earlier. I will take a more expensive shot now. This industry is complicated. There are all sorts of funding models, and all sort of variants. You would have to dedicate your life to it to understand all of it. The ACCC has that exclusive arrangement with APRA AMCOS coming up I think for review next August—

Mr Collette: I am sorry?

Senator CADELL: APRA AMCOS and ACCC do an ACCC delegation, and that is coming up next August. Do you have complaints from those in the industry about the way that operates or the amount of money withheld?

Mr Collette: The direct answer to that is no, but the other answer is: why would we? We have one or two shared programs with APRA AMCOS, really to support artists. It is conceivable that Music Australia, once it is established—

Senator CADELL: Music or—

Mr Collette: Music Australia, which is the investment body for contemporary music. If there are such complaints to be made, I can see why we might be relevant to that, and, as ever, we would consider what we were hearing. But we are not a destination point to date for that sort of complaint. That is the simple point I make.

Senator CADELL: When the ACCC is reviewing whether it allows the current things to go forward, do you think Creative Australia will be making submissions? Is that something you would be—

Mr Collette: I don't have an informed view at this time. It is too soon. The legislation has just been introduced. I may have a more informed view next time we meet.

Senator CADELL: I am happy with that.

CHAIR: Thank you very much for your time. We really appreciate you spending some time with us. I am certainly very excited about what is coming down the pipe and the great things that you will be able to achieve.

Screen Australia

[15:02]

CHAIR: I welcome Screen Australia's chief operating officer. Would you care to make an opening statement?

Mr Brealey: Thank you, Chair. No, I won't make an opening statement.

Senator CADELL: I will go straight to digital gaming. The budget has \$12 million for digital gaming over the next four years—\$3 million a year. Is that right?

Mr Brealey: Yes.

Senator CADELL: Does that see the end of the Games: Expansion Pack funding that you have been doing internally from your own funds?

Mr Brealey: No, we will use that funding to continue Games: Expansion Pack.

Senator CADELL: But the other funding you had been using is gone, so \$3 million is the total allocated to computer gaming going forward?

Mr Brealey: Depending on demand, but yes. So we're budgeting for \$3 million a year, but last year we budgeted for \$3 million a year and we spent \$4.2 million.

Senator CADELL: So it is still able to go over? That is just the minimum amount—

Mr Brealey: It depends on what other competing demands we have within our budget allocation. Last year we were able to manage that extra money because we had an additional amount of money in our budget and there was less call on other areas of our budget. So it really just depends on what is happening year by year.

Senator CADELL: So will the expansion pack stay as it is, with no changes, or will we look at different funding models for gaming going forward?

Mr Brealey: Expansion pack itself will stay as it is, but we review our programs each year to see whether or not we can improve them, and only last month we announced that we were going to add an additional games fund. That is called the First Nations Game Studio Fund, and we will be providing up to \$150,000 to two established First Nations games studios. They get it for two years each to grow their business.

Senator CADELL: How many established First Nations games studios are there?

Mr Brealey: Until we get the applications in, we would not be able to tell.

Senator CADELL: What is the definition of established?

Mr Brealey: Already operating in the marketplace.

Senator CADELL: With no turnover requirements or anything like that?

Mr Brealey: That is one of the things we will look at when we are establishing who we would give the money to, as part of the strength of an application. Because I do not know the extent, we are trying to be as flexible as possible in how we support that part of the sector to grow.

Senator CADELL: You said you were always looking at ways to fund better. Is anyone in Screen Australia looking at different funding models to the Expansion Pack, which is a one-size-fits-all, for different types of studios? Obviously, you have the First Nations one. Are there any others in general software creation?

Mr Brealey: It is a very broad program; it is quite agnostic. We cover all genres; we look at all platforms, so PC, console, mobile—we will cover them all. Really, what we are trying to do is look at the emerging part of the sector, so anything under \$500,000—a grant of \$150,000 just to help with that grassroots development of the games sector and, as I said, hopefully to complement the proposed tax offset.

Senator CADELL: I recently met with a developer who started off with two or three friends in a garage and doing part-time work and now he has 18 to 20 full-time staff. They had normally been service providers. They started off trying to be creative and then sold service provider software on demand as client services. They are going into their first scale production now—a bit over \$800,000. It is their first big development. I think it is called *Crab God*, and it is *Chaos Theory* games. I wish them luck. The digital gaming tax offset will now see some very big development in Australia, you would hope. What is the gap between a game of that size versus the \$100 million plus game development. Is there anything for that mid-size thing on the horizon, not just to attract the overseas guys and a new skill set here, but helping home-grown things in that mid-range area to get bigger?

Mr Brealey: The department could talk better about the offset. We obviously don't talk about running the offset. Because we are looking at things below \$500,000 and the offset is going to be, you would hope, supporting higher budget production, higher budget games—

Senator CADELL: Just that middle spot, yes.

Mr Brealey: We are up to \$500,000. I think we would still continue to want to look at grassroots and continue to fund grassroots for the next couple of years at least, I think, in line with Revive and the four years of funding for Games Expansion Pack. But, as I said, I think we will be reviewing, because, if we were finding that there was real growth in that mid-part of the sector, we would look at why we support them.

Senator CADELL: What is the total funding from Screen Australia that goes into film production now?

Mr Brealey: Do you mean feature film or—

Senator CADELL: All, from you.

Mr Brealey: Including games?

Senator CADELL: No, not including games—just film and TV.

Mr Brealey: Feature film was \$14.5 million last year. General TV was \$23.8, million. Kids' TV was \$6.2 million. Online drama was \$7.8 million and games was, as I said, \$4.2 million. But then there is also First Nations feature films, which is \$4.2 million, and First Nations TV was another \$2 million. That is scripted, not documentary.

Senator CADELL: So we are looking at in excess of \$60 million, roughly.

Mr Brealey: Yes. Total scripted is about \$62.9 million.

Senator DAVEY: Could you table that please?

Mr Brealey: Sure, I can give you those numbers. Can I take that on notice, because I just put this together myself, but we'll get you the real numbers.

Senator DAVEY: Yes please.

Senator CADELL: Given that, in Australia, the consumer side of games is as big, if not slightly bigger than screen, are we not missing an opportunity here? We are talking about \$4.2 million versus \$60 million.

Mr Brealey: There is a great opportunity. We are huge supporters of the games sector and we would love to see it grow. Our focus has been on non-game screen products for a very long time. Our budget is limited. I think we are probably able to fund only about a third of the applications that come to us already, so moving funding from traditional screen to games obviously has an impact. But also this is something we have only just got back into. We had a games fund in 2014, which finished, so we have just come back into this place, and I think targeting the lower end, where there is such demand, is the right place to go for the moment.

Senator CADELL: I asked earlier—you may have heard—about the massive difference between the treatments in the department's art community's agencies around getting access to foreign talent to come for games, and it is big. If I wanted a producer, a director or a sound director, I can tick a box on a visa application and get it done in weeks. If it is for a games program or anything like that, it takes months. There is not even a box to tick to say that the person is a producer of a \$100 million or \$200 million-plus game here. Is there any way you can see your agency getting involved in assisting with that?

Mr Brealey: That inbound talent, including for screen, we do not do; we just do domestic. It probably would be the same for games. We focus on the domestic marketplace rather than inbound. But, having said that, we help film production in any way we can whenever we are asked to. So if we get a request asking 'Hey, who do we talk to to try this?' we can talk to our colleagues in the department or talk to Foreign Affairs. If we could help in that way with games, we would. But for us the focus is mostly domestic, so it does not really come up for us.

Senator CADELL: If I am producing *Happy Feet* or *Proud Mary* in Sydney, at a movie theatre or anything like that, there is a box to tick. It is an Australian-produced movie. If I am producing the next *Assassin's Creed* or *Valorant* from two studios that have set up a presence in Australia, pending the GTO, and I want a particular musical director or director, I can't do that same thing for Australian-developed software.

Mr Brealey: I think that would be something for the industry, like the IGEA, to come and talk to government, talk to the department, or talk to us about, to say that they've identified a real problem and they think there is something we can do to help them. Then we could have a conversation.

Senator PAYMAN: Taking up from where Senator Cadell left off, how was the announcement received regarding the fund for First Nations Game Studio?

Mr Brealey: I think positively. I can't say that I have anecdotal examples to give you, but I have not heard a single negative word. I think any time you announce a new fund to try to target emerging practitioners, that is very well received. It is kind of our bread and butter.

Senator PAYMAN: The Cannes Film Festival is on at the moment. Does Australia have any films in the festival?

Mr Brealey: *The New boy*. It had its international launch at Cannes, which is a massive deal for an Australian film to be there and get its international debut. They had a rather larger event a night or two ago, and it has been very well received and so far the critical response has been very positive.

Senator PAYMAN: Did Screen Australia provide any funding to that movie?

Mr Brealey: Yes.

CHAIR: How much?

Mr Brealey: It is in my annual report.

CHAIR: It looks like a really good movie, I would have to say. I have read some reviews.

Mr Brealey: We always talk positively about our products—well, the products of the people we work with. They're not our products; we're just investors.

Senator CADELL: Is that a *Bluey* book?

Mr Brealey: Yes, it is the annual report. It is in the annual report, so I will just find it. It is under First Nations, because it was a First Nations drama investment. One of the reasons why the First Nations department has been so successful is that it finds talented people and works with them over a long period of time. *The New boy* was funded for \$2 million. It is Warwick Thornton's new film.

Senator PAYMAN: We have heard a bit about the skill shortages in the creative industries. What sorts of work is Screen Australia doing in the screen industry in terms of skills and training?

Mr Brealey: This is a really interesting conversation, I think. If you look at our drama report, you will see that three years ago there was about \$900 million worth of expenditure in Australia, and today there is over \$2.3 billion worth of expenditure. So there has been a massive growth period in production in Australia. Post-COVID, things are booming. That means that there is a lot more employment, there are a lot more really important cultural products being made, as well as inbound products being made here. It also means that there is a bit of a crunch on access to crew, in particular, but also, to a lesser degree, to facilities. So Screen Australia has identified that this is an issue, along with the rest of the industry. The department has set up a working group around workforce capacity, of which we are a member, along with AFTRS and NIDA. I have to shout out to AFTRS. They did a lot of work trying to establish what the gaps were and the needs in the industry. Screen Australia set up an industry development section in house. Last month I announced we were investing \$1 million with all of the state agencies to turbo-charge the capacity-building initiatives that they already have in place. We also announced three new below-the-line—for crew—initiatives, and applications close today; so, if anyone is watching and they want to get their application in, now is the time. We are also keenly aware that this needs to be sustainable, so we're working with industry and government to build a framework around how we build our capacity. There is a bit of a crunch on, but this is a really pivotal moment for the Australian screen industry; it's something that we really need to take advantage of. It's a boom, and we could see fantastic and long-term growth out of this period, with a lot of people employed in screen doing creative stuff that they love.

Senator PAYMAN: Thank you very much; that's very exciting.

CHAIR: Senator Cadell was, I think, rather rough on himself earlier. I would be more inclined to say that he was on the edge of parliamentary humour. In terms of the spread of the kinds of projects that you engage in, in terms of the different genre, could you talk us through that a little bit, to understand the scope of the kinds of things that you engage in?

Mr Brealey: Yes. We invest in Australian content: feature films, free-to-air television and, to a lesser extent, some of the streaming platforms. We don't invest with platforms; we invest with producers. And, of course, producers put their content on different platforms. That would be like Stan, iview and Paramount+. There is also kids' content. Every time Graeme Mason, the CEO, is here—he apologises because this is the first estimates that he has missed in 10 years—he always mentions *Bluey*, so I have to mention *Bluey*.

Senator DAVEY: Could I just say that you're doing very well in your audition to be his replacement.

Mr Brealey: No, that's not me.

CHAIR: We were all discussing whether that is a *Bluey* notebook that you've got on the desk.

Mr Brealey: That's the annual report, but that's a great idea; we'll mention it to the production team. We do kids' content. We do a lot of online investment as well. It's a lower amount of money; it's not as expensive, but it's really important because that's all of those new and emerging creatives and producers. The access point, the threshold to production, is probably a lower price point. It's easier to get access to and distribute on those online platforms as well.

Senator DAVEY: Can you give us an example of something that you've funded for online—

Mr Brealey: It's the shorter content that you'll see on YouTube, Instagram and sometimes on TikTok as well.

Senator DAVEY: I hope it's not on government controlled devices.

Mr Brealey: There's no TikTok on any Screen Australia government owned devices. But producers sometimes put their content there because a lot of people are watching on that platform. Those sorts of programs which are shorter run and cost less money to make are a great way to identify talent and give them an escalation pathway. Of course, there is First Nations content. We have the First Nations department at Screen Australia. It has been active for 30 years. It's an incredible success story. They do feature films, documentary, TV and streaming, online content. Some of the most successful content that we've had in recent years has been from the

First Nations department. *Mystery Road: Origin* was probably, for a period there, the most watched thing on ABC iView last year. Of course, there are feature films, and careers, like Warwick Thornton's career—not to take credit for his career, but we helped him get there.

CHAIR: You helped along the way.

Mr Brealey: Of course, there is a lot of documentary content; there's a real demand and a lot of great talent in Australia for making documentaries. We have a couple of programs commissioned, which is where a producer comes to us and says, 'A broadcaster has commissioned me to make this show.' We have producer programs, where the producers will come to us and say, 'I think this would work for a festival,' or 'I think I could put this in a theatre,' and we work with them as well. Documentary is a very large part of what we do as well.

CHAIR: And comedy?

Mr Brealey: Yes, absolutely. I roll that into drama, I suppose. Yes, scripted content includes comedy and, as I mentioned, scripted content is a very large part of our expenditure.

Senator DAVEY: As for all of those genres that you've just listed, could you provide us, on notice, with a breakdown of the percentage of your annual budget, splitting it up whereby features get 20 per cent and kids get five per cent or whatever?

Mr Brealey: Yes.

Senator DAVEY: Please, no-one think that I know anything because I've just plucked those figures literally out of thin air. I'd be very interested to see that breakdown, to get an understanding.

Mr Brealey: Absolutely, I can do that; that's not a problem. Just to be clear, it changes from year to year, depending on the market.

Senator DAVEY: Absolutely. It's just to give us an indication. Perhaps you could give us a four-year picture or something like that. It's not to be judgemental; it's just so that we understand where our money is going. In this room, I think we can say that we speak from a united front in supporting local content and Australian stories.

CHAIR: We do.

Senator DAVEY: That's why what you do is so important. I'm very glad that Senator Payman asked about training and what you're doing to help sector development. What KPIs has the board been given in terms of developing the Australian industry?

Mr Brealey: Generally speaking?

Senator DAVEY: Generally speaking, or if you want to table, if they have any—

Mr Brealey: There are pretty detailed KPIs in the annual report, and they go to the number of cultural products that we will produce every year. Audiences are a big indicator—audiences on free-to-air television and audiences in theatres. The cinema landscape has suffered a lot since COVID, combined with the explosion of large studio franchises coming in from America, so Australian films have been crushed. But one of our metrics is around audience numbers. Interestingly, this last year, we've seen that Australian films have overperformed at the box office compared to previous years, so that's quite encouraging. But cinema is still a long way behind; it hasn't recovered entirely. There's audiences' leverage—how much money comes in, in terms of financing, from other parts of the sector. There are some metrics around diversity of content as well, including how many First Nations projects we produce. Quite separately, we have metrics around our Gender Matters program, which is that at least 50 per cent of key creatives in projects that we fund will be women.

Senator DAVEY: That includes women as producers and as directors?

Mr Brealey: Writers, directors and producers. Next year, we're looking at below the line, to heads of department—extending what we're looking at, and reporting on them.

Senator DAVEY: That's very good to know. What work are you doing in terms of international development? Is there any work going on for international development and export opportunities?

Mr Brealey: That's what the CEO is doing right now. We spend a lot—

Senator DAVEY: I thought he was just watching *The New Boy*. Surely we've got more over in Cannes, haven't we?

Mr Brealey: Yes, we have. We do have something else. I can't remember the title, although I can give you the title.

Senator DAVEY: Isn't Simon Baker in it—the black-and-white film by the *Mystery Road* director? I think I've got the name in my head, but, if I say it and it's wrong, I will have egg all over my face.

Mr Brealey: We spend a lot of time and effort on helping our producers and other creatives travel to the marketplaces that they need to be at. We set up stalls. We invite the people from those marketplaces, local investors and officials, to come and meet with our producers, who we take. We help set up meetings so that there's an opportunity to co-finance, potentially, or make sales, and there are all those sales that happen after you've produced. I can give you a number on notice, but, off the top of my head, it's almost \$4 million that we would spend per year on a range of programs to try to export Australian content and boost our competitiveness in terms of sales.

Senator DAVEY: We found it; it is *Limbo*. I was going to say *Limbo*, but there's also an ABC series called *Limbo* at the moment, so that's a bit confusing. Is the \$4 million for the work and the relationship building, or does that include co-productions with ScreenUK or—

Mr Brealey: It doesn't include co-productions but relationship building and the formal programs that place people overseas, in either other production companies or just to get opportunities.

Senator DAVEY: Do you have line of sight as to how much of our investment in screen involves co-productions with international equivalents?

Mr Brealey: For the official co-production program that we run, there are a bunch of stats around that, which are not in my head, I'm afraid; they're all on our website. There have been about 13 or maybe 18 countries; anyway, there's a quite comprehensive list of co-production treaties and countries that our producers can work with. Screen Australia manages that program, as far as it goes to formally being a co-production. 'Formally being a co-production' means getting access to the sorts of support mechanisms that domestic productions can get access to, in terms of offset.

Senator DAVEY: On your website, it very kindly gives a bit of a breakdown of income versus profit and what Screen Australia's investment is. It says that, generally speaking, below \$500,000 is considered to be a grant; and, above \$500,000, Screen Australia becomes an equity investor. I would imagine that is a case-by-case contract negotiation?

Mr Brealey: Yes. We have standard investment agreements. But the thing about investments is that, generally speaking, we will bring ourselves down the waterfall. Even though we'll be a significant investor—we may not always be the biggest investor; in fact, often we won't be—we will still lower ourselves into the waterfall so that the production company perhaps has the opportunity to recognise some recoupment before the government does. We still will recognise recoupment, but we're not being hard-nosed commercial about it; we're being a government agency that's designed to support the sector, basically.

Senator DAVEY: It's about support and not generating a profit for Screen Australia.

Mr Brealey: There are recoupments from some projects, but it's not the main focus.

Senator DAVEY: Coming back to what Senator Cadell was asking, when it comes to gamers, do you have the same consideration of split? You mentioned \$500,000 and it sounded like that was the limit for games.

Mr Brealey: With a \$500,000 budget, the money we put in, the grant, is \$150,000.

Senator DAVEY: Can't you do a similar grant-versus-equity investment model for gamers?

Mr Brealey: If we were investing more in individual budgets. But the grant is much easier for those very small companies to manage.

Senator CADELL: It's that middle ground, when you get into—

Senator DAVEY: Yes, it's the middle.

Mr Brealey: You have to acquit it, but there's none of that depth of contracting that goes into an investment when you're looking to recoup.

Senator DAVEY: We might work on that. I have a final line of questioning. There is the cinema SCREEN Fund.

Mr Brealey: The SCREEN Fund, yes.

Senator DAVEY: There was \$9 million given out to support cinemas, particularly during COVID. Do you know how much of that \$9 million was spent?

Mr Brealey: So \$20 million was committed to the screen fund, and there were two tranches. The first tranche was \$9 million and the second tranche was the remainder. Out of the \$20 million, Screen Australia spent \$19,985,000, so there was only \$15,000 left. We didn't distribute that, because the minimum grant was \$35,000; so that money went back to the department.

Senator DAVEY: Do you have a breakdown of how many cinemas received the funding?

Mr Brealey: Yes. There were 204 individual locations that were supported, and there were 376 separate applications approved.

Senator DAVEY: Because it was over two tranches, did some cinemas get funding in both tranches?

Mr Brealey: Yes.

Senator DAVEY: So the 204 is over both tranches, in total?

Mr Brealey: Yes.

Senator DAVEY: There were 376 applications. Do you have a list of the cinemas that received the funding?

Mr Brealey: They are all in our annual report, individually listed.

Senator DAVEY: I need to get my *Bluey* book. I shouldn't call it that; it is probably a breach of copyright.

Mr Brealey: Get your *Bluey* book, yes.

Senator DAVEY: Has that program now finished?

Mr Brealey: Yes.

Senator DAVEY: Is there any conversation about whether there is a need to continue that program, or to bring it back?

Mr Brealey: Not that I am aware of. But if there were conversations like that, they are probably being had with government, I would have thought

Senator DAVEY: When were the final payments made?

Mr Brealey: It was a two-year, time-limited COVID initiative.

Senator DAVEY: When were the final payments rolled out?

Mr Brealey: When did the second round of funding close? It was announced on 24 December, 2021. It would have closed probably only three months later, but I don't have the date that it finished. Sorry, I will have to get that for you.

Senator DAVEY: Perhaps you can let us know when the funding rolled out; so the date of closure and when the funding was received by the cinemas.

Mr Brealey: Yes, I can tell you that. Off the top of my head, I think it was extremely quick; I think we were rolling it out as we went.

Senator DAVEY: You mentioned in your breakdown of what you fund that you fund more producers than streaming platforms because the streaming platforms normally enter into an agreement with the producer.

Mr Brealey: We only fund independent producers, yes.

Senator DAVEY: In that, do you have a caveat to protect the producers' copyright? I keep getting told by producers that, because the streamers are effectively the big players who have the deep pockets and the producers just want to be able to make their work and have it seen, get an audience, sometimes the streamers take advantage of the imbalance of power in the negotiations and negotiate what are considered to be unfair terms in regard to the IP. Has Screen Australia got any caveats in place if they are funding something, to ensure that the producer's IP is protected?

Mr Brealey: Yes; and we wouldn't do a deal that looked like the producer was getting done over. That is the benefit of having Screen Australia involved in those negotiations. We don't see those deals. They don't come to us, because we deal with the smaller end of town where you haven't got someone paying 100 per cent for a production; they don't have deep pockets and big budgets. We deal in the smaller end, so I haven't seen a deal where someone has been proposing something as extreme as that. But we always would say, 'How is this to the benefit of the producer?' or, 'This seems unreasonable.'

Senator CADELL: We saw a graph earlier in our inquiry where there was single-source funding; I think that was generally where it happened. Where there was multisource funding and it was coming from the streamer and yourself, that would be multisource funding, and it wasn't as prevalent.

Senator DAVEY: Good to hear. Thank you, and congratulations.

Mr Brealey: Thank you.

Senator DAVEY: We'll put in a good word for you.

Senator CADELL: You said you had an involvement with *Mr Inbetween*, somewhere in Australia?

Mr Brealey: Yes, I am pretty sure we would have, yes.

Senator CADELL: That is doing quite well overseas now, in America.

Mr Brealey: Yes.

Senator CADELL: If I come to you for season 1 in 2018 and Screen Australia helps out, do you have a rights option to go season 2 and season 3 when it starts to be popular, or do you generally stay out of it?

Mr Brealey: A rights option is probably not the way to put it. We leave it up to the producer. If they have 100 per cent funding from someone else for a much sweeter deal, good on them; they'll grow their business. But most of the time we will help them out with a second and third series, because there just isn't that support in the Australian sector. And, when something like that takes off, it probably takes a bit of time before it gets picked up elsewhere. So we don't lock producers into a second round. There will be some terms to do with a second round of funding which are linked to the first series, but we don't lock them in, in that respect.

Senator CADELL: I was saying when we had the Australia Council here that I am new to this area. I feel very comfortable in the gaming space, as you may know. You mentioned live performances; do you get involved in those as well? Did you mention that there was some funding for live?

Mr Brealey: Live? No, we don't do live.

Senator CADELL: I met with some recent graduates, asking what their perspective was as stakeholders in the lead-up to this. They expressed some frustration with Screen Australia in that if you hadn't already got things on the board it was harder to apply, and that a specific writing cohort of two young females and a Singaporean didn't even meet the diversity criteria to apply for some of the grants; they felt that they were ruled out even before.

Mr Brealey: That's a misunderstanding. Unless you are applying for the First Nations department—

Senator CADELL: Yes, I think that's reasonable.

Mr Brealey: there isn't any gateway about you having to be diverse—

Senator CADELL: But diversity criteria are on the application form.

Mr Brealey: There is a statement like, 'We encourage you to apply'. That's about encouraging people who otherwise wouldn't apply. There are plenty of doors for everyone to come through. We are not excluding people on the basis of their background.

Senator CADELL: That's good. They felt that, no matter how good their product or writing was—and beauty is in the eye of the beholder—

Mr Brealey: I have heard that before, but I don't agree. I don't think that is true. But I do understand the frustration of students who don't have a degree, because we are deliberately focused on the mid to higher part of the sector rather than an emerging cohort, except with our online fund. That is why we do that: to try to give those people an opportunity. But most of the time, straight out of film school, you have to find a production house to work with, anyway. You have to find someone who has the runs on the board so you can grow your own career.

CHAIR: For the students to whom Senator Cadell has been talking, what would your key advice be? There is frustration. You come out of a film school or whatever, whether you are a writer or a producer—

Senator CADELL: Hungry, keen—

CHAIR: You are hungry and keen—all those things. Just at that moment before you get disillusioned, is there a critical piece of advice you would give them? You did a mid-tier, an introductory piece, which you have talked about today in terms of YouTube and the other one I won't mention. What is your key advice?

Mr Brealey: There are lots of different avenues to try to get your foot in the door of the film industry. It is difficult. It's hard. It is not an easy place to get to, particularly if you come from a background where you haven't got money. This is a fairly rarefied atmosphere. All I can say is: have a look at what productions are being made that you like, the sorts of things you are interested in, and knock on doors. Get stuff online. Do your own thing online, even if it's on TikTok for five minutes, and start to build up a portfolio of stuff you are interested in. It depends also on what your interest is. If you are a writer, it is pretty hard. The Australian Writers' Guild are awesome, and they offer a lot of support to people, but it's really difficult to get in there from the start. There are people who have been at it for 10 years, so be realistic about your expectations when you are starting out. Do your own writing and do your own work but, if you want to get into a writers room, take notes and, if you're good at taking notes, maybe you'll get a step up to do something else. State agencies offer a lot of support; have a look around and see what's available. Sometimes the broadcasters do, as well, such as ABC and SBS; see what they have available.

Senator CADELL: There's an interesting parallel here. We're supporting the mid-tier in the film and the entry level in the gaming.

Mr Brealey: Yes, that's right. But the gamers who come to us have all done games before. When I say they're emerging, they're lower budget, and they haven't had a hit game yet. But a lot of them have been doing it for a long time.

Senator CADELL: There is a crossover. I know you don't do live. I am asking this question and it will be out of order but, again, I'm issue-raising. The other issue they potentially raise is in the producing, getting writing, getting extra work at getting start-ups. With Australia's cultural policy: we don't have a single 'go to' anymore, such as a library of plays or things that you can license. We don't have a library of works in a single location, such as a website where you can get these things. It is difficult to get entry into that thing. Also, there is no single portal where writers and actors can go for semi-professional roles. There is not a single website like a SEEK.com for creatives. They would really like some sort of coordination around that for the beginning cohorts: 'Here are a whole lot of plays that you can license to put on; here is a lot of work you can do'. They would love that sort of central coordination. I know that's not you, but I've been able to say it on the record and I'm sure that someone from the department is listening. Thank you.

CHAIR: Thank you, Mr Brealey. You have done a fine job representing your organisation here today. We thank you for your time and we'll see you next time.

National Museum of Australia

[15:40]

CHAIR: Welcome, Ms Wilson. Would you like to make an opening statement?

Ms Wilson: Yes. Dr Trinca sends his apologies today. He is travelling on museum business. He has been in Singapore and is currently in China renegotiating important MOUs with national institutions there to further our ambitions for exhibition exchange, professional development exchange and other initiatives that bolster and strengthen the relationships between our institutions. The museum welcomes the funding announcement made by the minister for the arts and the Prime Minister in early April ahead of the federal budget, which represents the single largest financial investment in our institution since the museum opened in 2001. This funding recognises not only the most immediate needs of the museum but also the critical importance of work undertaken by our colleague institutions across the sector, both in Canberra and nationally. We applaud the government's commitment to the National Museum's ongoing role as the key institution, holding and telling the unique and complex story of Australia for the benefit of our citizens. This package of funding is a critical lifeline for the museum, which otherwise would have faced very difficult decisions about its future operating model and its ability to effectively program and engage with the wider community. The new funding allows the museum to continue delivering programs and services to the public at its current activity levels, to maintain our existing workforce and to respond to the highest priority and most immediate infrastructure replacement and collection storage needs.

The museum also welcomes the launch of the National Cultural Policy, 'Revive: a place for every story, a story for every place'. The policy highlights and addresses the critical role of the arts and cultural sector in bringing the nation together through creative expression and endeavour. The museum will contribute through each of the five pillars of the National Cultural Policy, and the policy will underpin the framework for the museum's new strategic plan for 2023-27. The museum places First Nations stories as core to our work, and we commend the National Cultural Policy for placing First Nations first, as the central tenet of the policy. The newly announced operational funds will contribute to the development of a new exhibition space examining frontier conflict. I appreciate the opportunity to highlight the breadth of the museum's work before responding to your questions.

CHAIR: Fantastic. Thank you, Ms Wilson. I do hope that we get to see Dr Trinca later this year, knowing that he has announced, after 10 glorious years, that he is moving on. Hopefully, we will get to see him towards the end of the year to thank him for his service.

Ms Wilson: Thank you.

CHAIR: What have your visitation numbers been in the last six months? How are they comparing?

Ms Wilson: Certainly. Up to the end of quarter 3, in our atrium entry—this is our primary entry, through the museum door—it's 430,000, but that equates to 700,000 on-site engagements. In our travelling program, which comprises both international and domestic travel, we've achieved 379,000 to the end of quarter 3. Our digital has had an exponential rise since COVID and we've achieved 3.767 million engagements through our various digital channels and feeds. All up, our engagements are sitting just under six million, at 5.777 million, and we are on track at this point in time to post a record year of attendance at and engagement with the National Museum.

CHAIR: That's excellent. Do you want to expand a little for us on your digital suite?

Ms Wilson: Certainly. Our digital suite consists of visits to our primary website, visits to our Australia's Defining Moments Digital Classroom website, audio tours and also video views. Between them, our actual performance is 2.752 million website visits; 570,000 visits to the Defining Moments Digital Classroom; 54,000 audio tours having been taken; and nearly 390,000 video views. As well as that, our social media engagement has been 814,000 to the end of quarter 3. So that brings us to our 5.777 million.

CHAIR: Very impressive. Thank you, Ms Wilson.

Senator DAVEY: Ms Wilson, in the budget you received funding for building repairs. How long has the need for those repairs been understood by the museum?

Ms Wilson: Every year, the museum develops a 10-year capital plan and submits that to the Department of Finance. That shows lapsing useful lives, or end of life. The funding that we've received, \$9.7 million over the next two years, will deal with some of the highest and most immediate priority capital works. These are our fire safety systems, which are at end of life at the moment; our building management systems, similarly; and critical components of core IT infrastructure which are about to reach end of life.

Senator DAVEY: This is \$9.7 million over and above what you usually get as part of your budget for building asset management and maintenance?

Ms Wilson: Would you mind if I deferred to our chief finance officer?

Senator DAVEY: Not at all.

Mr Haslam: Yes, the \$9.7 million is in addition to our annual capital funding, which we receive primarily through bill No. 1.

Senator DAVEY: Has your 10-year capital plan in the past indicated that this extra funding was required or was this highlighted recently—that is, as things are coming to end of life, it has been noted that there's a lot coming up, so you increased your ask?

Mr Haslam: Yes. We increased our ask and made clear in this round of the budget that these were immediate needs that required addressing. We have, as Ms Wilson has indicated, included a rolling 10-year plan, which forecasts based on projected end of life.

Senator DAVEY: You said \$9.7 million over two years. The budget normally looks out four years. Did you put a four-year request in?

Ms Wilson: We did request further funds in that particular round, which were deferred to a future budget period.

Senator DAVEY: When you say 'deferred', was it put into the contingency fund or has the decision not yet been taken so you don't even know how much might come in the forward estimates?

Ms Wilson: Indeed. One of the things that may be worth contextualising is that the museum was opened 20 years ago as a complete facility. Unfortunately, that means that lots of things with a 20-year life all run out at once. We've been trying to phase this work over a period of years to ensure that we don't meet this massive cliff. However, there is one looming in 2027-28, beyond the estimates period, and that's for the replacement of a major piece of heating, ventilation and air-conditioning plant, which requires complete replacement from inside out.

Senator DAVEY: So that will be included in each of your 10-year asks until such time as it's approved.

Ms Wilson: That's our understanding. It's also our understanding that we may need to seek some further investment from government to achieve that rather large capital program.

Senator DAVEY: Because that would be above and beyond standard asset management and maintenance; that is a complete capital expenditure.

Ms Wilson: Indeed, and somewhat complicated by sustainability initiatives in the ACT, which means that we need to degasify.

Senator DAVEY: Do you have to also comply with development approval standards? That's interesting to hear. I could imagine that, if we're talking heating and cooling, modern technology and modern power efficiencies, let alone anything else, would mean it could be a complete rebuild of the system.

Ms Wilson: That's our understanding. The other consideration here is that the cost of electricity is likely to be much more than the current cost of gas.

Senator DAVEY: Up 24 per cent today alone.

Ms Wilson: Indeed, and the density of electricity that's required to be used is many times more than the gas that we would use. These are all elements that we're trying to take into consideration.

Senator DAVEY: Have you thought of solar panels on the sculptural external building?

Ms Wilson: They're being installed as we speak. Further to that, we are working with the Australian National University, with one of their engineering programs, to look at options for the replacement of gas for our facility. If there's a solution found, that could well be a solution that we're able to share with our colleague institutions.

Senator DAVEY: That's interesting. Is that work with the ANU coming out of the NMA's budget or the ANU's? Who is funding that piece of work?

Ms Wilson: It's coming out of the ANU's budget. We've just given them a gnarly problem.

Senator DAVEY: I love it: 'Hey, ANU; I've got a problem. Fix it,' and they send over all their doctorate students.

Ms Wilson: Yes; something like that.

Senator DAVEY: It's a very good use of students' time—better than sitting at the uni bar. I'm sure they do that too. Coming back to the future funding, it's not in the contingency reserve. We know that you've got the two years funding and you have to keep applying to government for further funding, so there's nothing sitting in contingency reserve with your name on it, waiting for better business cases.

Ms Wilson: Again, if I may defer, please.

Mr Haslam: I will just clarify that. Of the \$9.7 million, \$3.2 million which is allocated to us is sitting in the contingency reserve. But, beyond that, we're not aware of anything. We understand that the \$9.7 million is all that has been awarded at this stage.

Senator DAVEY: And that's only over two years.

Mr Haslam: Correct.

Senator DAVEY: So why are those three in contingency reserve? Is there more paperwork that the government are waiting on, or are they just hoping to keep the interest payments?

Mr Haslam: I understand that it was a matter of simply finalising some of the details of the estimates that sat behind those numbers for the individual projects.

Senator DAVEY: What happens if your estimates go above what's sitting in contingency? Have you still got confidence that you'll be able to complete the works?

Mr Haslam: We compiled those estimates during the budget process, which was as late as February-March this year, so we remain very confident that funding at the moment is appropriate. Obviously, there are movements in prices in a number of sectors at the moment, but we've said that we believe we will manage. If those prices do escalate significantly, we would look to manage through scope.

CHAIR: When do you expect to finalise your business plans or works program to the point where you can have that contingency money taken out of contingency and actually allocated to you?

Mr Haslam: We are pretty close, we believe, at our end, to satisfying ourselves that we have a rigorous enough set of estimates and plans to deliver those. I think that's probably to be negotiated with the Department of Finance.

Senator PAYMAN: In terms of the storage situation for the museum, could you outline what kind of situation you would be facing if the storage funding had not been announced in the budget?

Ms Wilson: Certainly. The museum's collection of some 260,000 objects is stored across three storage sites and, in addition, at the museum site in Acton itself. One of those storage facilities is not suitable, really, for a collection of the nature of the National Museum's. The museum has been very active over a period of years in seeking funding to remediate that situation by allowing us to exit that facility and to develop a facility such that it provides better 'sealage'—in other words, it doesn't leak—and that it has suitable environmental conditions for our collection. One of the things that we have done is made that the deep storage area, so it's the least accessed of all of our storage facilities. Also, in the past 12 months, we've entered into a program to decontaminate that collection, because it's adjacent to a concrete factory. Over the years that the museum has been in that facility, there's been a build-up of silica dust in the facility, which requires removal before any collection can be treated. So we're very pleased to receive \$13.1 million in the funding announcement, over four years, to enable us to exit that facility and to lease a more suitable facility for the collection.

Senator PAYMAN: In your opening statement you mentioned the importance of all the incredible work you'll be able to do, in terms of your operations, that this funding is going to assist. Could you share with the committee what would happen without this boost. What would be some of the consequences that the museum would be facing if the previous, short-term, funding ran out?

Ms Wilson: The chair of the council and the director have been in regular conversation with the minister about the ramifications of not receiving a re-base of our appropriation. Several measures would have needed to be taken concurrently to meet the funding envelope, as it was to be at that time. That included the reduction of between 60 to 70 staff; potentially closing the museum for two days a week or more; and the reduction or cessation of certain programs and other measures that we would have had to take on the cost savings side, with utilities and various other bits and pieces. They're the big-ticket items.

CHAIR: I might take the opportunity to advise the room and anyone who is listening that Creative Partnerships Australia and the Australian National Maritime Museum have been released from the program. I don't see someone up the back clapping, surely! That must be my eyesight! Senator Davey, do you have any further questions?

Senator DAVEY: Not for the museum.

CHAIR: Okay. Thank you so much for coming, Ms Wilson. We will now release the National Museum of Australia.

Ms Wilson: Thank you very much.

National Archives of Australia

[16:00]

CHAIR: Welcome, Mr Froude, Director-General. Do you wish to make an opening statement?

Mr Froude: Yes, please. I will keep it brief as well.

CHAIR: I think you have a bit of leeway.

Mr Froude: I don't want to steal other people's thunder; I'll let them have their time in the sun. I'm pleased to have the opportunity to make some brief opening comments today. This is my first appearance before the committee, having commenced in the role as director-general 12 months ago, on 23 May 2022. Also, it's the first time for this agency since joining the arts portfolio on 1 July last year.

CHAIR: We're delighted to have you with us.

Mr Froude: Thank you; it is a pleasure. I've had a longstanding association with the National Archives throughout my career in the public sector, having worked in the archive and records management industry for a long time and, in particular, in my previous role as Director and State Archivist of State Records of South Australia.

CHAIR: A fine state.

Mr Froude: Yes. National Archives welcome the government's National Cultural Policy—Revive and the five interconnected pillars, which include the importance of strong cultural infrastructure to sustain Australia's arts, culture and heritage and, in particular, the action to modernise the Archives Act. The national archival collection is unique and irreplaceable. It's made up of 45 million records that tell the story of the Australian nation and its people, and it underpins accountability and transparency in the Commonwealth. The recently announced short-term funding boost of \$36.5 million over four years for the National Archives is also welcomed. This will allow us to deliver and strengthen our core functions to ensure that Australian government information of enduring significance is secured, preserved and accessible. It also improves the resources for our priority work and investment in capital expenditure.

In the 12 months since I commenced in the role, I've focused on leading National Archives through a process of necessary change to meet the future needs of government and the expectations of the Australian public. The National Archives operating model is shifting to a digital-first and audience-centred approach, with national offices supported by local expertise. Continuing to embed this model in the coming year will enable National Archives to manage the evolving collection; share the collection in an equitable and efficient way, in particular to support First Nations people access; and lead in government accountability. Thank you; I welcome any questions.

Senator HUGHES: Has the National Archives put in a request in the last 12 months for any capital works or building fund projects?

Mr Froude: I'd have to take that one on notice. Not to my knowledge, no; not of significance. Not for building works, no.

Senator HUGHES: No works need to be done on any of the buildings?

Mr Froude: We're in a slightly different situation to many of the other cultural institutions in that we don't actually own any of our premises; they're all privately owned premises, and we lease all of those premises.

Senator HUGHES: So it's someone else's problem.

Mr Froude: It's someone else's problem, although we obviously pay for that through our leasing costs. It works in that we don't then have to seek funding, like some of the other institutions, to repair damaged or aged facility infrastructure. But what we do then pay for on an annual basis is potentially increased rental costs to cover that.

Senator HUGHES: Has there been an increase in rental costs?

Mr Froude: All of our facilities are of various lease lengths, so any cost increases would come at the end of the lease period when we renegotiate.

Senator HUGHES: Since you don't have to worry about fixing leaking roofs, I will hand back to the chair.

CHAIR: Senator Davey?

Senator DAVEY: I'll follow up your questions. Because of what you archive and the high-value products that you store, I imagine that there are quite significant requirements for the premises that you lease to be temperature controlled and air-quality controlled. Who is responsible for maintaining the facilities to ensure that we can meet those standards?

Mr Froude: That's done in a number of ways. Firstly, if and when we relocate into a new facility, obviously, we make sure that it meets our requirements and the international standards around the preservation of the material that we're collecting.

Senator DAVEY: So you'd pay fit-out costs to bring the facility up to scratch?

Mr Froude: That's correct, yes. As the infrastructure ages, we work with the partners who we lease from to make sure that is maintained to the standard that we require.

Senator DAVEY: Do you have to move often?

Mr Froude: Generally speaking, no, we don't. However, having said that, we have over the last few years commenced a process of consolidating our collection material. Senators, you may not know this, but we have a physical footprint in every state and territory. We don't just have our offices here in Canberra; we have offices in every jurisdiction. Within that footprint, we have not only offices for our staff and our research centres for the public but also varying sizes of collection material that's stored. What we've been doing over the last couple of years is consolidating items from around the country into new facilities—consolidating to reduce the footprint that we have in each state or territory as well.

Senator DAVEY: But the new facility is still leased.

Mr Froude: Yes, it's still all currently leased.

Senator DAVEY: Yes, as a government tenant, which is quite good.

CHAIR: In terms of your footprint state by state, are they stand-alone collections of state-based material, or do you try to collect things in groups of like-minded items, particularly in the sense of—

Mr Froude: It's a bit of a mix, but it is generally state-based material. In South Australia, we would have a collection that is predominantly South Australian material. But I would say, though, that not all of the South Australian material is in South Australia; some of it is in other parts of the country. We're always mindful of the fact that not only do we have to preserve and manage the collection but, critical to that, we also have to provide access to it, and we need to provide equitable access. As part of the consolidation of the material where we are reducing footprints, let's say, in South Australia—we've done likewise in Tasmania and the Northern Territory—that material is being digitised as it's moved, so that it's more widely available to people. One of the problems that Archives has had historically is that, to view the material, you actually have to go to the archive to do so. Part of the significant work that we're undertaking is around digitising that material so that it's more broadly available to the Australian community.

CHAIR: As a South Australian, I'm very grateful for that.

Senator DAVEY: How is the digitisation process going? I can imagine that there is a lot.

Mr Froude: Yes.

Senator DAVEY: Understanding that it's a never-ending story, because we're always adding to the collection, is there a time line for when you expect to have caught up to the point where continued digitisation is just new material rather than still digitising things from 1927 or something like that?

Mr Froude: To put that into some context, our collection roughly is around 40 to 45 million items. It runs to about 350 kilometres worth of material. We have digitised, to date, between about seven to eight per cent of that collection. We have a long way to go and we will continue to do that work; it is critical for our business model and for our customers. I would say, though, that we would never envisage digitising the entire collection. We

digitise for two main reasons, really. One is preservation. If material is at risk, fragile or degrading, we will digitise it so that people can continue to access it into the future. We also digitise it from an access point of view so that more people can get access to that information. We choose which material to digitise based on a number of factors, and they're two of the main ones.

On the flipside of that, we anticipate that, probably for another 20 years, we will see that paper collection growing and we will have to continue to digitise that material. But we're also seeing now a wave of digital material coming in from agencies. We expect, over time, that balance between the physical and digital collection to shift quite dramatically so that the digital is the predominant collection.

Senator DAVEY: As part of your triage process in working out what to prioritise when digitising, is it also like me with my tax accounts? I keep them for seven years—tax office, if you're watching—and then I chuck them out. When you're prioritising, do you ever look at things and say, 'Do you know what? No-one is ever accessing this and it's of little historic value; we're going to chuck it out'?

CHAIR: Let's all talk amongst ourselves and give this poor, unfortunate gentleman time to think long and hard about his answer!

Mr Froude: I can answer that one; that's fine. We go through that process partly with the agencies when we determine what material should come into the archive. We don't take every record that's created across government. We have a process which is through a formal policy, which we call a records authority, that determines which records come to us to be retained as national archives and which records can stay in the department and then be destroyed. The material that comes to us and that we store is the material of significance; so, in effect, it would never be destroyed.

Senator DAVEY: That's very good to know.

CHAIR: Can I have a follow-up?

Senator DAVEY: Yes. I'm finding this fascinating.

Mr Froude: You should all come for a tour of the archives.

CHAIR: We'd love to.

Mr Froude: We're just down the hill. You can stroll down the hill.

CHAIR: We can walk. Digitising the material obviously increases the access. These days, when you get material, do you just get it digitally, or is there a sense of still having that kind of 'touch it, feel it', piece of material, or does it vary?

Mr Froude: It varies. We are still receiving analog paper records, but we're also receiving born-digital material that's been created and managed digitally within the agencies. What we're also seeing is where agencies have actually digitised paper records that they're responsible for and they send us the digital copies. So we have those three sections of the collection, if you like. We have the physical, we have the born-digital and we have the digitised.

CHAIR: You talked a little bit before about seeing the paper increasing, which you expect to continue for a while and then probably cease.

Mr Froude: Yes.

CHAIR: Is your sense of the role of the Archives and what happens to the 'wow, this was a blah-blah document or item from a hundred years ago'—I'm thinking that, when you see those things, you're going to go, 'Oh, look at the weight of the paper, look at the colour, look at the feel.' Do you know what I mean?

Mr Froude: Yes. Certainly, a large number of records in the collection have that esoteric value, in that they are beautiful pieces to look at, and you don't necessarily get that with the digital. Having said that, we live in a digital world and part of our role is to collect that digital material as well, and what becomes important there is the content as opposed to the format as well. But we do have some beautiful records. The reason I do the job that I do is that I think there's something in our collection that will touch the heart strings of everybody in this nation.

CHAIR: Senator Cadell.

Senator CADELL: Most of the questions have been asked. I'm recalling things from memory, which is always dangerous in estimates. Recently, at the beginning of the year, there was another tranche of AIF enrolment data released. I think it was in partnership with Ancestry.com.

Mr Froude: Yes.

Senator CADELL: Is that a normal thing—to partner with someone to do that?

Mr Froude: Yes, it is. This comes back to how we can improve access to the collection. It comes back to, I guess, the digitisation processes that we have. We have a number of streams of work across the organisation. We have our BAU digitisation that we do in house; and we have digitisation on demand, where members of the public will come to us seeking access to a record and we'll digitise it and then they pay for that process. But we also understand that, with the resources that we have, we will never be able to keep up with the demand for digital material, so we look at partnering with other organisations, and Ancestry is one of those. We also have volunteers on site who do digitisation work with us. Ancestry is just one part of our model for providing digital material.

Senator CADELL: Memory being soft—it was 150,000 records this time?

Mr Froude: I don't have those details at hand.

Senator CADELL: It was people who didn't serve overseas; 500,000 from World War I. You worked on all those service records. Have they all been done with partners, or has that been you?

Mr Froude: I would have to take that on notice.

Senator CADELL: We talk about these budgets. I am reasonably new down here, and I am still working out jurisdictions; who goes where. You were bequeathed or donated Flinders documents recently.

Mr Froude: Yes, we were.

Senator CADELL: Do you have to compete with the National Museum? How did those documents end up with you? How has that worked out?

Mr Froude: We were fortunate to receive that donation of material. We don't receive as many donations or bequests as some of the other cultural institutions, purely because the nature of the work we do is focused on government records. Therefore they are generally held within government, and we get them from government. They are not out in private hands. We have a very generous benefactor who, in addition to donating the Flinders material, has donated \$1 million to support a digitisation project of some Army and Air Force records, some photographs. We are fortunate to have that relationship with her. It has only commenced in the last few years. She purchased that material through auction, from Christie's auction house in London.

Senator CADELL: It went for a mint. It went for well over estimates.

Mr Froude: Yes. It cost her about \$850,000 to purchase, and then roughly \$100,000 to ship down to Australia. She paid for all of that.

Senator CADELL: It was books and some letters?

Mr Froude: Yes. The cost is associated with the auction house and other bits and pieces. It was almost \$1 million, all up, for that donation of material.

Senator CADELL: Do many people donate cash to the archives?

Mr Froude: Not generally speaking, no. Outside of those two, we received about \$53,000 in donations last financial year. Of that \$53,000, one donation was \$50,000. We don't receive a lot of donations.

Senator CADELL: You received \$1 million, \$50,000 and \$3,000.

Mr Froude: Yes.

Senator CADELL: You wouldn't have a budget yourself for acquisition?

Mr Froude: No, we don't.

Senator CADELL: It is given to you by government or bequeathed; you don't get it otherwise?

Mr Froude: That's right.

Senator CADELL: Every year there is always excitement for one news story: 'The cabinet secrets of'—blah, blah, blah. We are at 2002—20 years?

Mr Froude: Yes. We just released the 2002 cabinet records.

Senator CADELL: Do people in your building have access to them before release? Do you know what they are prior to release?

Mr Froude: Yes, we do.

Senator CADELL: I am not asking for tips. So they are kept, and you are aware of them. You have to keep them, and they are released on a certain day.

Mr Froude: That is correct.

Senator CADELL: Is anything ever withheld?

Mr Froude: Yes, it certainly is. These are cabinet records that have been with us for a number of years; they are transferred to us from the cabinet office. In the lead-up to that release, which occurs on 1 January, we go through a process of determining which cabinet records we are going to release after all that time. It is an event that draws media attention and a lot of public interest. We look to see what themes and trends are through that. We will use the expertise in-house but will also liaise with journalists and the agencies involved to work through the cabinet records that we think have most significance to the community at the time. Then we go through a process of 'access examining' those, to see whether we can release them or whether they still have sensitivities attached, in which case we don't release them. The ones that get released are the ones that don't have any ongoing sensitivities.

CHAIR: Is that your call? Who makes that call?

Mr Froude: At the end of the day, under the legislation, that is my call, as Director-General.

Senator CADELL: You would have some pretty cool stuff.

Mr Froude: Yes; it is all the secrets.

Senator CADELL: You release them after 20 years. They are at the cabinet office. In the case of a cabinet meeting last week, how long after that does the cabinet office give them to you?

Mr Froude: I don't know the answer to that. I can take that on notice.

Senator CADELL: Would you have cabinet meetings from five or 10 years ago?

Mr Froude: Yes, we do. We have a process with many agencies to transfer records on a regular basis. That might be every year or every two years, or whatever it might be.

Senator CADELL: Going back to the operation of the business, you lease your premises. Are they government buildings that you lease, or private?

Mr Froude: They are private.

Senator PAYMAN: Earlier we were talking about the significance of material. How do you determine if something is going to be thrown out or kept?

Mr Froude: Like many of the archival jurisdictions, we have a set of what we call appraisal criteria. Those criteria determine the framework for what we look for in a record to determine whether we need to keep it. The criteria can change over time. It is about our staff and the agencies that create those records understanding the trends in society. The things we look for are records that have high impact on members of the public, records relating to First Nations people, those types of things.

Senator PAYMAN: How many people are accessing your collection at any given moment? Do you have a breakdown of digital and physical access?

Mr Froude: I do. We have an online system called RecordSearch, which is the entryway into the collection for people to search for material. As at the third quarter of this year, to give you an example, we had almost 840,000 interactions from members of the public, so it is significant. On top of that, we have onsite visitors coming to our research centres or to engage with our exhibitions. As at quarter 3 we had almost 14,000.

Senator PAYMAN: Do you have any new exhibitions coming up?

Mr Froude: We do. Our next exhibition is around Whitlam: 'Dedicated to the Dedicated'. That will be opening soon; I am not sure of the exact date. It is a good opportunity to come down and check out the archive.

Senator PAYMAN: We will stay tuned. Thank you.

CHAIR: Thank you. We really appreciate you coming in.

Mr Froude: Thank you, Chair.

CHAIR: We look forward to more information next time.

National Library of Australia

[16:20]

CHAIR: I call officers from the National Library of Australia. Welcome. Would you care to make an opening statement?

Dr Ayres: No.

Senator HUGHES: We will start with your building. Is it in need of any repairs? Have you put in any requests for funding and maintenance?

Dr Ayres: Our building is beautiful, but complex and ageing. We have a lot of work on foot. If you visit Canberra, you will know that we have been replacing our roof over the last couple of years. That is the result of a major hailstorm, rather than ageing. It will be completed in August. We have also started to replace all our windows. All our windows are end-of-life; they all leak. Stage 1 of that refurbishment is occurring now.

Senator HUGHES: Are they being replaced with special glass that is better for heating and cooling?

Dr Ayres: Because the building has high heritage values, it took us about a year to get a heritage-approved approach to replacing the windows. We are able to replace single-pane glass with double-glazing to improve the sustainability of the building. We were also able to remove asbestos, which is around every window. We will be retaining the beautiful bronze look of the window. That has commenced. The biggest project going on in the building is less visible: that is the gradual replacement of our heating, ventilation and air-conditioning system, which is well past end-of-life. We are completing stage 3 at the moment of a 10-stage project. It is very disruptive. The building is chock-a-block full of collections, as well as people. Unfortunately, every time we touch anything inside the building there are huge amounts of asbestos to deal with. It is complex work.

As well as those works inside the building, we are improving our collection storage areas, trying to make sure that we have like-with-like; again, to be more sustainable in the future. Inside the building a lot of work is going on right now. Most of that work has been funded. The roof has primarily been funded by insurance. The government has provided us with money for windows and for HVAC, and remaining works underway are being done through our own appropriations and reserves. That is where we are up to now.

We have been allocated significant funding in the May budget. The most important is to extend our Hume repository. We have material in three other repositories as well as the Parkes building. By 2025 we have to vacate a National Archives facility, and we would have had nowhere for 18 kilometres of material to go. We can now go ahead with that storage. We have also been given money to complete the windows refurbishment—so all the windows can be done—to do stages 4 and 5 of HVAC and to do some critical building safety works. In our sustainability measure we have a lot set aside for preventive maintenance. A major capital works program will be going on for the foreseeable future in the Library.

Senator HUGHES: You sound very busy.

Dr Ayres: Yes, very.

Senator HUGHES: A lot of contractors.

Dr Ayres: Many contractors. The age of the building and the latent conditions—asbestos, lead; you name it, we've got it—mean an awful lot of variations. It can be difficult to predict what the total cost of any given project will be and how long it will take.

Senator HUGHES: Are there any risks with that? Obviously, we are seeing supply chain issues, and challenges in getting labour. You have additional problems with the heritage listing, the asbestos and the lead, et cetera. Are there budget considerations or a contingency budget there so you do not get halfway through a project and realise, 'We are going to run out of money because we found another big pile of asbestos'?

Dr Ayres: We have been able to continue everything through redirecting money to date. In the bids we put in for the most recent budget—most of that funding is for the next two years—we included a good contingency for exactly the reasons you have mentioned: supply chain issues, rising costs et, cetera. You are right: it is a very large program. The program is now going to be larger. For that reason, I will be allocating a separate SES role to oversee that program. It is complex, and difficult to keep running our existing building, which is full of collections, which is open 364 days a year and which serves many people. Trying to do that while the building is going on is challenging.

Senator HUGHES: What sort of impact is that having? Are you losing big chunks of space and having to cram things in? Have you got stuff in storage, so it's not on display or not available while the work is going on?

Dr Ayres: No, not on display. Display is not really the biggest issue for us. Sure, we have exhibitions, but we're a working library. The biggest impact for the community has been that we have had long periods of collection closures. The largest of these was having to close 1½ kilometres of material on the fourth floor. We tried everything we could to keep that collection on the fourth floor safe while we replaced the roof. After our fourth major leaking event, we decided we could no longer continue access to that collection. As I mentioned, it is a similar situation with the asbestos problem in the building. Every time that we need to do work on the HVAC and take down some of the piping, it's all full of asbestos. In every area we're working on, we have to wrap the collections and they can't be accessible. That's been the biggest problem.

The funding that we've received in the new budget gives us a lot more certainty and lets us plan that out better, which means we should be able to give the community more notice that a collection won't be available—sometimes for long periods of time.

Senator HUGHES: How long is it expected to take to get the renovations all done? Is that like asking how long is a piece of string?

Dr Ayres: We have funding for the next few years. My colleague Maureen Dupree, our COO, is here. We think we have major works going on for at least the next 10 years. No quick fixes.

Senator HUGHES: You've got funding certainty for the next two.

Dr Ayres: We've got the funding for the next two years for our major items. The repository extension funding is over four years. Our sustainability measure lets us do some of the small things along the way.

Senator PAYMAN: We have been hearing about the current condition of the library. Until this budget, the funding for Trove hadn't been guaranteed as ongoing; is that correct?

Dr Ayres: It definitely had not been. We have been running Trove on short-term funding for the last seven years. I do need to note that Trove has never, until this budget, had dedicated funding. We've been needing to try to do it from within our own appropriation. As that became less and less sufficient for our other needs, it meant that Trove was more at risk. Over the last seven years, we had \$30.1 million of funding for Trove. That was in four-year, two-year and 18-month tranches. From our perspective, having ongoing funding for Trove is absolutely marvellous. It's a very big and complex piece of digital infrastructure. This funding allows us to plan ahead so that we can plan systematically to replace parts of it over a patch of time. We have a thousand partners involved in Trove. This gives them certainty that they can continue to work with us. Our entire philanthropic strategy is about raising funds to digitise content to deliver via Trove. Many of those people were keeping their hands in their pockets until they saw whether we could continue the infrastructure.

Senator PAYMAN: For me and those listening, can you talk us through the service that Trove provides: how it works and why you think it's loved by Australians?

Dr Ayres: Trove has developed over a period of time. That's probably the most important thing that we need to note about it. First of all, it brings together the collections of a thousand institutions around Australia; it's not just the National Library. It's a real piece of national infrastructure. If you want to find out what is in the State Library of Western Australia, you can go to the website or you can find it via Trove. We also have more than 43 million pages of digital content. That is very heavily used content, especially our newspaper content. We work with all of the state and territory libraries. We have a single national e-deposit service now, for legal deposit. That means that we have more than 80 full text books and journals collected through that service. We have more than 10 billion files from our web archiving approaches. It's a very large and diverse set of Australian digital cultural content. I never cease to be amazed by what people find for their own purposes. It's very much 'choose your own adventure'. We try to choose the best things to digitise. The curiosity of the Australian community makes it come alive.

Senator PAYMAN: Fantastic. Thank you, Dr Ayres.

CHAIR: Thank you so much. We appreciate you coming, as always. We look forward to speaking to you again soon.

National Gallery of Australia

[16:35]

CHAIR: Dr Mitzevich, thank you very much for coming. It's a pleasure to see you. Would you like to make an opening statement?

Dr Mitzevich: I would, Chair. Thank you very much for giving the National Gallery an opportunity to speak today. We are dedicated to sharing, collecting and elevating the national collection so that we can contribute to the cultural life of Australians. The cultural sector has an opportunity to really thrive, following the funding announcement in the May budget and also with the development of the cultural plan. We see both of those elements as an important way of promoting optimism within the arts. We have a collection of 155,000 works of art, worth \$8 billion. The collection is an important asset for the country. There's a very significant responsibility in managing this asset for the Australian public. It's very important to bring it to life and to share it with Australians. If you don't do that, you undermine the ability for it to contribute to the cultural life of Australians.

Following quite a difficult period of COVID lockdowns, building failures, uncertainty and declining funding, the new funding of \$119 million over four years, which also includes \$42 million for critical capital works rectification, gives the gallery a sense of stability and optimism.

Currently, the National Gallery is touring seven exhibitions nationally to regional and remote communities. In July we open a major First Nations exhibition in New Zealand, following its successful showing in Singapore. Elevating Australian art on the international stage is also a very important element because—guess what?—the world is curious and is very interested in art from Australia.

During the summer, the gallery presented a 40-year survey of the Australian artist Cressida Campbell, with nearly 90,000 visitors attending. It's proved to be one of the most successful exhibitions of a living Australian artist.

Within the Revive cultural policy, the National Gallery will be delivering Sharing the National Collection, which is a new initiative to take art to regional and remote communities and to ensure that we can activate the cultural life of those communities, with the collection being put to work. Thank you very much.

CHAIR: I am going to jump in first and ask you how you are going with planning the regional touring piece. I am rather excited about what that is going to look like.

Dr Mitzevich: The program aims to embed major works from the national collection on long-term loan in regional and remote communities. One of the great things about this program is that it really develops and assists all of the regional infrastructure that's been put in place over the last two decades. Many regional councils have been investing in their galleries. This program will ensure that the national collection can be seen by more Australians, across the country. It supplements the loans program and the touring exhibitions program. It means that regional communities can develop education and learning programs around extraordinary works of art from the national collection. We aim, over the next four years, with the pilot program to share at least 500 works across Australia. We have begun having conversations with regional colleagues across the country. We have just appointed a head of Sharing the National Collection and are looking forward to commencing that program when the funding starts on 1 July. It is a pilot program. We're looking forward to, over the next four years, proving that it supports regional and remote communities and advances the arts and culture and helps with learning.

CHAIR: Please keep us posted. There are those of us who spend a lot of time in regional areas who would love to promote that and get behind it. It is an excellent initiative.

Senator DAVEY: It's very good to hear that you've got seven exhibitions touring regionally and that you'll have further exhibitions going into the regions in the future. You also mentioned that you have an Indigenous exhibition going up in New Zealand, following its showing in Singapore. Is that separate to the *Ngura Pulka—Epic Country* exhibition that was slated for later this year?

Dr Mitzevich: That's correct. It is separate.

Senator DAVEY: I note that the provenance of the *Ngura Pulka* works is being investigated. It's an exhibition of art from the APY collective studios. What is the provenance of the Indigenous art that is part of the New Zealand and Singapore exhibition?

Dr Mitzevich: The exhibition involves 78 artists from all across the country. It includes 150 works of art, mainly from the 20th century, with several works from the 21st century. It's a wide-ranging survey to give countries and audiences in the South Pacific region an insight into the evolution of First Nations art. It's being presented in partnership with Wesfarmers, who have supported the international tour. Essentially, the goal of the project is to give Asian and Pacific audiences a greater insight into the evolution of First Nations art.

Senator DAVEY: From a range of studios and individual artists?

Dr Mitzevich: It is 78 individual artists, 150 works, from throughout the country and from the 20th and 21st centuries. As I said, there are a lot of artists in this show.

Senator DAVEY: Unfortunately—it is very unfortunate—there is currently an investigation into the provenance of some of the works that have come out of the APY studios. There is now a dark cloud that stains—and shouldn't—ensuring that we're confident that what we are calling Indigenous art is Indigenous art. You're quite confident that those past works, because of their age and their origin, wouldn't be tarnished by what has happened with this current investigation?

Dr Mitzevich: Thanks for your question. We've had an Aboriginal art provenance project running for the last three years, which has been privately funded. We have no concern about the provenance of the 150 works by 78 artists which are currently on their way to New Zealand.

Senator DAVEY: That's good. I am glad that we can be reassured about that. Turning to the current investigation, which is being run by Colin Golvan and Shane Simpson, that is an unexpected expense for the gallery. Do you know how much that investigation might end up costing the gallery?

Dr Mitzevich: The investigation is live. It's still a work in progress. Obviously, it's very hard to put a figure on the investigation. We've engaged Simpson's, who are running the investigation, on an hourly basis. I am not able to give you a figure at this stage, given that it's a live investigation.

Senator DAVEY: Do we have an estimated time frame for when they will report on their findings?

Dr Mitzevich: Yes, we do. We are confident of receiving a report at the end of the month.

Senator DAVEY: That's a week away. For how long has it been going?

Dr Mitzevich: The gallery announced its review on 10 April. We published the terms of reference for the review panel on 26 April. We are investigating 28 works. The terms of reference are very clear. It's led by our due diligence and our provenance policy. When there are questions of authenticity, the National Gallery has a very established governance structure to analyse and review any issues that pertain to those matters. The review is being constrained to those matters. We are confident about having a report very soon.

Senator DAVEY: I would be very interested to see the outcome of that report. I have read differing opinions as a result of this story. A lot of people have suddenly taken a very big interest in artistic provenance. There have been different points of view put forward, with some people saying, 'As long as it was predominantly painted by the artist and they sign it, regardless of their heritage, Indigenous or otherwise, that's their art,' whereas other people are saying, 'No; if it's a co-production, it doesn't matter whether it's 10 per cent and 90 per cent or fifty-fifty, both artists should be recognised.' Is there a general rule, when it comes to art, about recognition of input?

Dr Mitzevich: This is a very complex issue. Throughout art history, artists have chosen to make their work in very different ways. For example, Michelangelo had a big studio of assistants. Some artists today choose to have studio assistants; others don't. There is a range of ways that artists can make works of art. The key to this is that creative control needs to be very much in the remit of the artist. We do acknowledge that there is a range of ways that artists can make work. Authorship is about creative control. We respect all manner of an artist making a work of art, as long as they retain very clear authorship. That's just a general comment. Obviously, I don't want to comment specifically on the APY, as we are in the middle of an independent review. I am the sponsor of that review and I wouldn't want to bias the findings.

Senator DAVEY: My question was generic. My question was not about the APY review. You have some very eminent people looking at that. I trust them to follow due process. We will look at their report when it is released. We will see whether you continue to put that exhibition forward for the Australian population. I want to come back to the budget. You mentioned that part of your four-year funding is \$42 million for critical works. Did I read that you had leaks?

Dr Mitzevich: The gallery has well-documented building failures, including a leaking roof. We've had a leaking roof for several decades.

Senator DAVEY: You haven't been able to find the funds within the annual maintenance and management budget to be able to plug the leaks?

Dr Mitzevich: With declining funding over the last two decades, funding for all elements of our operation have been contracting. It has been very clear to identify that the asset replacement program and the maintenance program of the National Gallery have been insufficient over the last two decades to ensure that the building is fit for purpose.

Senator DAVEY: The \$42 million that you now have, hopefully, is enough to address the leaks. Is that over four years or two years? We have heard from the other NCIs that their critical works funding is for two years.

Dr Mitzevich: The \$42 million is over two years and only for critical works. The \$42 million will not fix the leaks. It will only go to the most critical elements of the waterproofing issues. The National Gallery has made statements in the past, and it's documented in the press, that over the next 10 years the National Gallery will require a minimum of \$265 million to rectify building failures or our critical assets that are end-of-life. The roof is a complex endeavour. The roof is made up of at least a third of glazing. There are 2,300 individual glazing units that make up the National Gallery, and a third of that is the roof. There is a complexity to the building because it is one of the country's most experimental buildings. It is not as simple as just a tin roof with downpipes. There's a great sense of complexity. The funding that has been announced will only be directed to the most critical of the waterproofing issues for the National Gallery.

Senator DAVEY: Do you sweat every time Canberra has one of its renowned hailstorms?

Dr Mitzevich: I wouldn't say that I sweat. Because we have been dealing with this issue for over two decades, we now have a process in place to manage leaks so that we can engineer out risks to the collection or risks to the

assets. We have a process in place to try to reduce the impacts of rain. When we know there's a heavy downpour, we actually implement that plan.

Senator HUGHES: I hope it's more than a couple of buckets and towels.

Dr Mitzevich: There are a number of things, but it does include buckets and towels.

Senator DAVEY: Blue tarps over the glazing.

Dr Mitzevich: We are relieved that we have some funding to start the waterproofing process. As my eminent colleague from the library mentioned, the National Gallery will need at least 10 years to undertake its critical capital works program. It's a long-term endeavour. After several decades of not having adequate funding to replace ageing infrastructure or to fix building failures, we are now at the epicentre of those issues.

Senator DAVEY: How old is the building?

Dr Mitzevich: The building turned 40 last year.

Senator DAVEY: It's a spring chicken.

Dr Mitzevich: Yes, I acknowledge that it's quite young. However, the building did take 10 years to build; so it's 1960s technology with a 10-year build. We're talking about 44,000 square metres over eight levels. The building has enormous complexity to it. It was a very experimental building as well.

Senator DAVEY: Of the \$42 million, is all of that in your account for the next two years or is some of it being held in a contingency reserve?

Dr Mitzevich: We believe that we have those funds.

Senator DAVEY: I will be very interested to monitor your progress. Having an engineer's mind, I am thinking of automatic hail shelters to come over the glazing to protect our art. But that would be another budgetary ask.

CHAIR: I think it would be quite a large one. Senator Payman?

Senator PAYMAN: Speaking of funding, what types of activities are you able to continue with the additional operational funding, apart from looking after the maintenance of the building?

Dr Mitzevich: The operational funding is not for any additional programs; it's to sustain what we're currently doing. The National Gallery comes off three years of top-ups. This funding swaps that out and gives us certainty. That means we now have stability of our operating budget. The exciting part of that is that we can really activate private giving. Philanthropy also helps us to develop ambition. When you have your funding base confirmed, it means that private giving can help with ambition. I am certainly looking forward to working with our private givers, particularly in the areas of education, regional engagement and advancing the National Gallery's Sculpture Garden.

Senator PAYMAN: Are there any additional plans for the future that this ongoing funding will assist?

Dr Mitzevich: As I said, the funding that we have received is just to keep our operations going. The programs that we are envisaging in the future will come from private giving. We've been able to attract private giving to help sustain us through a period of uncertainty. Now we are looking forward to working with our private givers and our philanthropists to help with the ambition. Certainly, the program of sharing the national collection around Australia has lots of opportunities for regional engagement, so that the National Gallery can move outside just trying to maintain itself to being dynamic, particularly across regional Australia. I started my career in a small regional gallery. Working with regional communities and sharing the national collection is something that we think is important.

Senator PAYMAN: Absolutely; thank you.

CHAIR: Dr Mitzevich, thank you for coming along. We look forward to the next update when you appear before us again.

Dr Mitzevich: Thank you very much.

CHAIR: Thank you for your time today.

National Film and Sound Archive of Australia

[16:56]

CHAIR: I welcome the National Film and Sound Archive of Australia. Thank you for coming along today. Would you care to provide us with an opening statement?

Mr McIntyre: The national audiovisual collection actually began in 1935 under the auspices of the then Commonwealth National Library. The National Film and Sound Archive became an independent cultural

institution in 1984. Under its act it is charged with preserving the collection for future generations, adding to the collection to ensure that it represents an unbroken record of Australian society and audiovisual culture, and making the collection available for use. The definition of 'screen and sound artefacts' in the act encompasses all forms of audiovisual expression. In the 21st century, we are collecting the pre-eminent forms of the present day, such as video games, social video, podcast and interactive digital media, alongside traditional forms, such as television, radio, music, film and video art.

Many audiovisual media types, such as magnetic tape, now rely on obsolete technologies and are highly perishable. In 2021-22 we received a grant from the Australian government of \$42 million over four years to digitise at-risk materials held by eight different national cultural institutions.

Along with the other national cultural institutions, we recently received an uplift to our ongoing operational funding of \$34 million over four years, including \$3 million over two years for critical capital works. This funding is really important for us to be able to continue to deliver our obligations under the act.

In particular, as the collection is increasingly preserved in digital forms, it becomes more readily searchable and accessible by all Australians through digital tools. We see this as an opportunity to greatly increase the services and value we can provide across the country in the coming years and we can plan to realise this now that our core operations have been reliably stabilised.

CHAIR: Thank you. Senator Davey?

Senator DAVEY: We are very interested in the capex critical works funding that all NCIs have been granted. Do you own or lease the building that your archives are in, and the storage facilities?

Mr McIntyre: We have locations in Canberra, Sydney and Melbourne. Sydney and Melbourne are basically offices, and they are leased. In Canberra we have five storage locations in Mitchell. That's a mix of owned and leased. Our main headquarters in Acton are owned by the institution.

Senator DAVEY: The \$3 million that you have for critical works is for your owned assets, is it?

Mr McIntyre: Yes. It's largely end-of-life replacements. It was for projects that we could identify were ready to go in the immediate term. It's nothing particularly interesting; it's just renewal of infrastructure.

Senator DAVEY: Everything is interesting, Mr McIntyre. You would be in a different position, though. We heard before from the National Gallery, which is a new building. They are coming to an asset cliff because everything is coming to the end of life; everything is 20 years old. Your building, if my memory serves me correctly, is a federation building. By now in your life cycle there would be a rollover, a schedule of end-of-life. Would I be right in characterising it that way?

Mr McIntyre: That's correct. We have a strategic asset management plan, or SAMP, which is currently under review. Until recently we were in straitened circumstances. The SAMP was fairly unambitious. It was about addressing hydraulic, HVAC, disability access—those types of things. Now that operations are stabilised, we can put more effort into that and look at things like environmental performance and visitor amenity. The front block of the building was opened in the early 1930s. The back block is about 25 years old. There are toilets and all that kind of stuff to look at as well. In terms of storage, we have some capital problems there. They are shared with other NCIs. There has been ongoing engagement with the department over a few years scoping out the storage pressures across all of the NCIs. That conversation is ongoing. We hope there will be some resolution to that in the coming years.

Senator DAVEY: When you talk about digitising materials, from 1935 you would have a good collection of celluloid film, as you mentioned in your opening statement, and magnetic tape. How long does that last before it starts to degrade to a point where we have lost it, particularly celluloid film? Are you able to keep up with the digitisation process?

Mr McIntyre: The items in the collection date back to the 1890s. The collection formally started in the 1930s, when people realised that film was a new technology and a new form of cultural expression that was here to stay. Everyone was like, 'Wow, we should be collecting the history of this art form'. There was a 40-year lag from the coming of cinema to the collecting of cinema and recorded sound in institutions like ours. The irony is that some of the newer technological forms are less stable. Magnetic tape—magnetic video and audio, which became really popular in the mid-20th century—is at highest risk of being lost forever. It is an unstable and perishable form.

Senator DAVEY: I know; all of my old mix cassette tapes are stretched.

Mr McIntyre: Then you know what I am talking about. Canisters of film, which can be older than that, are relatively stable. Gramophone records, which can be a century old, are relatively stable. Because the bulk of production of the 20th century is on magnetic, a number of years ago we were part of an international movement

called 'Deadline 2025'. We were raising the profile of the fact that audiovisual magnetic forms were at risk of being lost forever. That was one of the drivers. There was a lot of advocacy and work with government over a number of years until we got the \$42 million grant in 2021-22, which is expressly to address highly at-risk material such as magnetic tape.

Senator DAVEY: Do you have a process where sometimes you re-release one of our golden examples of early Australian film and sound? I think you have done a re-release of something. Are there protocols around what you can and cannot re-release?

Mr McIntyre: No. Like all archives and libraries, the collection is available to researchers. We have a licensing program which makes the collection available to people in broadcasts, documentary filmmakers and things like that. We need to operate within copyright. Just because something is in the collection doesn't mean we own the rights to it. There is a mix of things in the collection. We have a program called NFSA Restores, which is when we select classic titles and digitally restore them for re-release on the festival circuit and for broadcasters. Some years ago we were doing six titles a year; it has reduced to one in recent years. It is an important signature program of the organisation. There is nothing to stop us. There is an extensive loans section. So film festivals programming retrospectives, for example, will rely on materials in our collection.

Senator DAVEY: Have we restored *The Cars That Ate Paris*? That is a classic.

Mr McIntyre: I am not sure that is on the list, but it is a classic, and it dates back to that 10BA era. There was a lot of discussion at the time about the value that created in terms of the films made. It certainly helped to develop the early careers of a lot of people who went on to have important careers.

Senator DAVEY: Filmed in the beautiful New South Wales town of Sofala, I believe.

Senator CADELL: Not Paris?

Senator DAVEY: No. The cars didn't actually eat Paris. That's all from me; thanks.

Senator PAYMAN: Thank you for being here, Mr McIntyre. With the new funding and it being dedicated for capital works, what will it be addressing specifically for the building?

Mr McIntyre: The uplift we have over the coming four years is \$34 million, and only \$3 million of that is for capital. I could answer the question about capital, but it is literally chillers in the air-conditioning. It is mundane end-of-life replacements. It is not anything particularly exciting.

CHAIR: Boring but essential.

Mr McIntyre: Correct. These are things that have to be done in order to keep the doors open.

Senator PAYMAN: We have heard about the video games industry in the arts. Has the organisation progressed with acquiring games? Are there any particular highlights of games that have been collected that you would like to share with us?

Mr McIntyre: Collecting video games is an interesting endeavour. We are one of the institutions like us around the world that is most involved so far in collecting games. It is very complex, for technological and various other reasons. The video games industry in Australia is about 40 years old, more or less. We are at a similar point to where we were in 1935, when everyone realised that film was cultural—like books and visual art; film had to be protected and stored for future generations. That dawning realisation about video games is still happening. We have been collecting games for a few years now. We only have one dedicated game curator, but we will add a second one next year.

You may know that video games are for entertainment, but games are now used for education. People play games with their children. There is a whole range of uses. We are trying to collect a broad and representative range of games. Our games curator has set himself the target of trying to collect artefacts from every game produced in Australia over the last 40 years. We are doing that in a combination of negotiating directly with games developers, who are interested in having their work preserved. Some of it is buying stuff off e-Bay and things like that. We also have a memorandum of understanding with the Powerhouse Museum in Sydney and the Australian Centre for the Moving Image in Victoria. We are doing some collaborative work, bringing the capacity of the three institutions towards game collecting as well. We are building a network of international colleagues in games collecting. It is early days for games archiving as a cultural movement. It is a very interesting space. After streaming media, games are now the second most prominent form of household entertainment in the country, ahead of broadcast media.

CHAIR: Do you have a Pac-Man machine?

Mr McIntyre: Probably; we have an Atari.

Ms Uhlmann: Sitting alongside the program that Patrick just mentioned, part of that is acquiring the machines to play some of those games on; so very possibly.

Mr McIntyre: We are focusing on games created in Australia and by Australians, so Pac-Man may not specifically be there. We collect international artefacts to the extent that they talk to the development of culture in Australia as well.

Senator PAYMAN: Are there any collections that you may have acquired recently that you are particularly pleased to have in your collection?

Mr McIntyre: We did an announcement a little while ago about the highlights of our collecting activity from last year. Over the years we have done less of what we call 'proactive collecting', because our head count has been going down as we have had less money to spend. There was a time when our curators were out in the community engaging with community groups, touring to different regional centres to talk to people and find out what they have in their barns and sheds and things. That kind of activity has been knocked back recently. Recently we are responding more to donation offers. Also we take into the collection all materials produced in Australia with public subsidy of some kind. Because the funding programs are now taking more account of social diversity and gender equity and all that kind of stuff, material coming into the collection through that source is beginning to reflect the face of contemporary Australia.

The new funding will allow us to rebuild our curatorial capacity, in particular, so that we can start going out more to collect for gaps in the record and gaps in our collection. A personal thing I found interesting was when during the Lismore floods I saw someone posting iPhone footage of the main street of Lismore. I mentioned that to one of our curators, who reached out to that person. That person sent in their iPhone video to the curator. That is now part of the national collection. This is the other shift in the 21st century with audiovisual production—everyone is doing it. We are not just collecting and talking about the professional sector anymore; we need to talk about citizen curators and people who just make audiovisual with their phones.

Senator PAYMAN: That is incredible.

CHAIR: The volume of that blows your mind.

Mr McIntyre: Yes.

Senator CADELL: I saw the article where you talk about the collection, and what you did last year. You topped over four million pieces in the collection; is that right?

Mr McIntyre: Yes.

Senator CADELL: Last year there were 111,000 new additions?

Mr McIntyre: Acquisitions, yes.

Senator CADELL: Going back to the gaming, you said you are collecting devices to play them on, the software pieces.

Ms Uhlmann: The hardware. Often we will acquire the game, but we can't access it without the original hardware.

Senator CADELL: Jacaranda Software was a popular one in Australia for a while. They produced stuff. A computer called the MicroBee was produced in Australia. Have we got these sorts of things?

Mr McIntyre: I don't know. You might need to do a workplace—

CHAIR: Maybe the committee will do a field trip.

Senator CADELL: Tying in those two things, with 40 years of industry in software and gaming in Australia, we are talking about magnetic storage—have we got the old 8 inch, 5¼ inch, 3½ inch floppy disks?

Mr McIntyre: Everything. There are forms of audiovisual technology that I was unaware of before I took the job. It's baffling. For our collection we also collect things that help contextualise the sounds and moving images. We have costumes, scripts, prop items, and merchandise that was popular with TV shows.

Senator CADELL: You would have good contacts with theatre world to get those things.

Mr McIntyre: We need to look at theatre because theatre is now increasingly using audiovisual content in live performance. That is another area of inquiry.

Senator CADELL: Do you still have Eric Bana in the lobby, or has Eric moved?

Mr McIntyre: Eric is not in the lobby anymore.

Ms Uhlmann: We have an Elvis costume in the foyer now.

Senator CADELL: Four million is an incredibly big number. We are now talking about the reels, TikToks, shorts, all sorts of things. These curators must be bombarded. Are there set guidelines as to what you are looking for? Everyone is a creator.

Mr McIntyre: There is a collection policy and a collections strategy. A lot of the stuff that comes into the collection is through funded programs, so through screen agencies. A lot of it is through donations. Some stuff we will go out and look for, increasingly. We have tests called significance tests. For example: has an item been found that we don't have in the collection? Is it extremely rare? Sometimes we'll be offered something that we've got 10 of, so we don't need it. Sometimes we'll be offered something that is in better condition than something that we have in the collection, so we'll take that in. Sometimes there are things that come in that, on the face of it, look unremarkable, like a family home movie from a holiday in a particular town. But the curators will note that the town burnt down in a bushfire, so that is the sole remaining moving image account of a particular town. There are all kinds of ways that the content is looked at, on the way into the collection.

Because a lot of the increase in volume is in born digital and digitised artefacts, we are in a position now where we can start building better systems to manage the volume. When it was all very clunky, old-school cataloguing and accessioning and everything, it was harder to get into the depth and breadth of the collection. We are now working on better digitised workflows. We've built a new data centre that the digital assets will live in. We are experimenting with AI, to understand what is in the collection and to retrieve items and to search through the items. So, while the volume is going up exponentially, and it is kind of a problem, there are tools that come with that will help.

Senator CADELL: Since I've been here, I've lost reference to time; it tends to move incredibly quickly or slowly. In the last little while the *Bodyline* series is something you have digitised; is that correct? Was there a reason you chose to do that?

Mr McIntyre: We're working through the collection.

Ms Uhlmann: Purely because of the interest. We balance general interest and deterioration of the format. In that particular example, that was incredible footage. It had wide appeal.

Senator CADELL: The other one I recall seeing is John Farnham's last performance in black and white.

Mr McIntyre: Yes.

Senator CADELL: Some of the things you must see and have access to would be truly amazing.

Mr McIntyre: It's a really interesting collection. As I said before, as it becomes more digitised, we are looking at investing now in search tools. With streaming and digital search, the collection should be as readily available to people in Toowoomba and Albany as in Canberra. While we are a national cultural institution with headquarters in Canberra, we see ourselves, within the five-year period, being a national media brand accessed through digital means, largely.

Senator CADELL: Do you do things like festivals as well, or would that not be within your remit because it is live? You were talking about live theatre.

Mr McIntyre: We collaborate with film festivals. Some arts festivals do use archival footage.

Senator CADELL: No, but grabbing stuff from them. If you take Mardi Gras as an iconic example in Sydney, are you grabbing that sort of thing?

Mr McIntyre: We have extensive coverage of Mardi Gras through news media. We have agreements with media channels to bring in examples of broadcast radio and television. We have documentary films made about Mardi Gras.

Senator CADELL: Not specifically, but generally, if there is a big festival, something through history in Australia, do you pick that up?

Mr McIntyre: Absolutely. It would come through all of those channels because it would be covered in the media. People would be taking home movies that they would send to us. Every big event in Australian society is covered audiovisually.

Senator CADELL: Commercials?

Mr McIntyre: Yes. The Aeroplane Jelly ad is one of our iconic ones.

Senator CADELL: The original 'I like Aeroplane Jelly'?

Mr McIntyre: People love it.

Senator CADELL: On the swing?

Mr McIntyre: Yes.

CHAIR: Thank you so much. We would indeed like to organise a little trip for the committee to have a look.

Mr McIntyre: We will do a whiteboard session with you and get some of those ideas down. That was all very useful. Thank you.

CHAIR: That concludes this hearing. I thank all the witnesses who have appeared today. In particular, I thank Hansard, broadcasting and our secretariat for their hard work and dedication. I remind senators that the committee has agreed that any written questions on notice should be lodged with the secretariat by 2 June.

Committee adjourned at 17:19