



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION  
COMMITTEE

**Estimates**

(Public)

WEDNESDAY, 15 FEBRUARY 2023

CANBERRA

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**FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE**

**Wednesday, 15 February 2023**

**Members in attendance:** Senators Birmingham, Cadell, Canavan, Chandler, Ciccone, Cox, Fawcett, Green, Lambie, McLachlan, David Pocock, Roberts, Shoebridge, Steele-John, Van, Whish-Wilson and White

**DEFENCE PORTFOLIO****In Attendance**

Senator Wong, Minister for Foreign Affairs

Senator McAllister, Assistant Minister for Climate Change and Energy

**Australian Signals Directorate**

Ms Rachel Noble PSM, Director-General

Ms Abigail Bradshaw CSC, Head of the Australian Cyber Security Centre and Deputy Director-General

Mr Ben Staughton, Deputy Director-General, Capability and Transformation

Mr Dale Furse, Chief Operating Officer

Dr Derek Bopping, First Assistant Director-General, Cyber Engagement and Strategy

Ms Deanne Sowers, First Assistant Director-General, Cyber Threat Intelligence

Ms Stephanie Crowe, First Assistant Director-General, Cyber Security Resilience

Mr Mark Brown, First Assistant Director-General, Integrity, Security, Assurance and Compliance

Mr Stephen McGlynn, First Assistant Director-General, People, Property and Legal

Mr Phil Davies, Assistant Director-General, Finance and Business Management

**Defence**

Mr Greg Moriarty, Secretary, Department of Defence

General Angus Campbell AO, DSC, Chief of the Defence Force

**Afghanistan Inquiry Response Task Force**

Rear Admiral Brett Wolski AM, RAN, Head, Afghanistan Inquiry Response Task Force

**Army**

Lieutenant General Simon Stuart AO, DSC, Chief of Army

Major General Jeremy King CSM, Head, Land Capability

**Associate Secretary Group**

Mr Matt Yannopoulos PSM, Associate Secretary

Ms Rowena Bain, First Assistant Secretary, Ministerial and Executive Coordination and Communication

Mr Ben Wright, First Assistant Secretary, Defence Integrity

Mr Adrian D'Amico, Chief Counsel

Air Vice Marshal Barbara Courtney AM, Head, Royal Commission into Defence and Veteran Suicide Task Force

**Air Force**

Air Marshal Robert Chipman AM, CSC, Chief of Air Force

Air Vice Marshal Wendy Blyth AM, Head, Air Force Capability

Air Vice Marshal Catherine Roberts AO, CSC, Commander, Defence Space Command

**Capability Acquisition and Sustainment Group**

Mr Chris Deeble AO, CSC, Deputy Secretary, Capability Acquisition and Sustainment

Ms Francesca Rush, Chief Counsel, Commercial and First Assistant Secretary, Australian Industry Capability

Mr Gavin Rawlins, Acting First Assistant Secretary, Joint Systems

Mr Shane Fairweather, First Assistant Secretary, Joint Aviation Systems

Air Vice Marshal Leon Phillips OAM, Head, Aerospace Systems Division

Major General Jason Blain DSC, AM, CSC, Head, Armoured Vehicles

Air Vice Marshal Gerry Van Leeuwen AM, CSN, Head, Guided Weapons and Explosive Ordnance

Major General Andrew Bottrell CSC and Bar, DSM, Head, Land Systems

Mr Cyril Karo, First Assistant Secretary, Integration

Mr Andrew Staines, First Assistant Secretary, Procurement and Contracting

Air Vice Marshal David Scheul OAM, Head, Air Defence and Space Systems Division

#### **Chief Information Officer Group**

Mr Justin Keefe, Acting Chief Information Officer

Mr Peter Alexander, First Assistant Secretary, ICT Delivery

Major General Murray Thompson AM, CSC, Head, ICT Operations

#### **Defence Finance Group**

Mr Steven Groves, Chief Finance Officer

Mr Samuel Volker, First Assistant Secretary, Budgets and Financial Services

#### **Defence People Group**

Ms Justine Greig, Deputy Secretary, Defence People

Mr David Nockels, First Assistant Secretary, People Policy and Culture

Dr Paul Robards AM, Acting First Assistant Secretary, People Services

Major General Wade Stothart DSC, AM, CSC, Head, People Capability

#### **Defence Science and Technology**

Professor Tanya Monro AC, Chief Defence Scientist

#### **Joint Capabilities Group**

Lieutenant General John Frewen AO, DSC, AM, Chief of Joint Capabilities

Major General Jason Walk, Commander, Joint Logistics

Rear Admiral Sarah Sharkey AM, CSC, RAN, Commander, Joint Health and Surgeon General

Major General Ana Duncan AM, CSC, Head, Cyber Warfare

Rear Admiral David Mann CSC, Head, Joint Capability

Mr Andrew Byrne, First Assistant Secretary, Guided Weapons and Explosive Ordnance

#### **Navy**

Vice Admiral Mark Hammond AM, RAN, Chief of Navy

#### **Naval Shipbuilding and Sustainment Group**

Mr Tony Dalton, Deputy Secretary, Naval Shipbuilding and Sustainment

Ms Stacie Hall, First Assistant Secretary, Naval Shipbuilding Enterprise Headquarters

Ms Sheryl Lutz, First Assistant Secretary, Major Surface Combatants and Combat Systems

Rear Admiral Steve Tiffen AM, CSM, Head, Maritime Sustainment

Mr John Chandler AM, CSC, CSM, First Assistant Secretary, Submarines

Rear Admiral Wendy Malcolm AM, CSM, Head, Patrol Boats and Specialist Ships

#### **Nuclear-Powered Submarine Task Force**

Vice Admiral Jonathan Mead AO, RAN, Chief, Nuclear Powered Submarine Task Force

#### **Security and Estate Group**

Ms Celia Perkins, Deputy Secretary, Security and Estate Group

Mr Dan Fankhauser, First Assistant Secretary, Infrastructure

Ms Monique Hamilton, First Assistant Secretary, Service Delivery

Mr Peter West, First Assistant Secretary, Defence Security

#### **Strategy, Policy and Industry Group**

Mr Hugh Jeffrey, Deputy Secretary, Strategy, Policy and Industry

Ms Sam Higgins, Acting First Assistant Secretary, International Policy

Ms Zoe Cameron, Acting First Assistant Secretary, Strategic Policy

Mr Stephen Moore, First Assistant Secretary, Defence Industry Policy

Ms Gabrielle Burrell, First Assistant Secretary, Force Posture Review

#### **Vice Chief of the Defence Force Executive**

Vice Admiral David Johnston AC, RAN, Vice Chief of the Defence Force

Air Vice Marshal Stephen Chappell DSC, CSC, OAM, Head, Military Strategic Commitments

**Inspector-General of the Australian Defence Force**

Mr James Gaynor, Inspector-General of the Australian Defence Force

**Office of the Director of Military Prosecutions**

Air Commodore Ian Henderson, Director

**Defence Housing Australia**

Mr Barry Jackson, Managing Director

Mr Brett Jorgensen, General Manager, Service Delivery

Mr Paul Groenewegen, Chief Financial Officer

Mr Ross Jordan, General Manager, Governance

Ms Katische Vinning, Chief Information Officer

Eline Martinsen, Chief, Human Resources Officer

**Australian War Memorial**

Mr Matt Anderson PSM, Director

Ms Anne Bennie, Assistant Director, Public Programs

Major General Brian Dawson AM, CSC (Ret'd), Assistant Director, National Collection

Ms Leanne Patterson, Assistant Director, Corporate Services

Mr Wayne Hitches, Executive Project Director

Ms Helen Petrovski, Chief Finance Officer

Ms Robyn Van-Dyk, Acting Assistant Director, National Collection

Ms Alison Frame, Secretary, Department of Veterans' Affairs

Ms Liane Pettitt, Assistant Secretary, Parliamentary and Governance, Department of Veterans' Affairs

**Department of Veterans' Affairs**

Ms Alison Frame, Secretary

Mr Stuart Smith AO, DSC, Deputy Secretary, Veteran and Family Services Group

Ms Rachel Goddard, Acting Deputy Secretary, Enabling Services and Commemorations Group

Ms Kate Pope PSM, Deputy President, Veteran and Family Policy Group

Ms Leanne Cameron, First Assistant Secretary, Mental Health and Wellbeing Services Division

Ms Traci-Ann Byrnes, First Assistant Secretary, Client Engagement and Support Services Division

Ms Natasha Cole, First Assistant Secretary, Client Benefits Division

Ms Laura Sham, Acting First Assistant Secretary, Commemorations and Transformation Division

Mr Glen Casson, Chief Financial Officer and Acting Chief Operating Officer

Ms Kerrie-Anne Luscombe, General Counsel

Mr Mark Harrigan, First Assistant Secretary, Royal Commission, Reviews and Inquiries Implementation Team

Dr Trish Batchelor, Acting Chief Health Officer

Ms Veronica Hancock, First Assistant Secretary, Veteran and Family Policy Division

Ms Liane Pettitt, Assistant Secretary, Parliamentary and Governance

Ms Sarah Kennedy, Assistant Secretary, Client Programs

Mr Mark Brewer, Assistant Secretary, Veterans' and Families' Hubs

Mr Dylan Kurtz, Assistant Secretary, Wellbeing Policy

Ms Elaine Tse, Acting Assistant Secretary, Community Policy

Mr Brian Eastman, Acting Assistant Secretary, Policy Development

Mr Tim Bayliss, Director, Office of Australian War Graves

Mr John McKinnon, Acting Assistant Secretary, Commemorations

Ms Jane Stuart, Acting Assistant Secretary, Royal Commission, Review and Inquiries Implementation Team  
Ms Thy Huynh, Senior Executive Lawyer, Royal Commission Taskforce  
Ms Peta Langeveld, Assistant Secretary, Corporate Legal Branch  
Ms Amanda Taylor, Acting Assistant Secretary, Litigation and Advice Branch  
Mr Mark Kalleske, Assistant Secretary, People Services

#### **Committee met at 09:00**

**CHAIR (Senator Ciccone):** Good morning, everyone. I declare open this meeting of the Senate Foreign Affairs, Defence and Trade Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for the year 2022-23 and related documents for the Defence and Foreign Affairs and Trade portfolios. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has set 3 March of this year as the date by which senators are to submit questions on notice and 31 March this year as the date for the return of answers to questions taken on notice.

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

The Senate by resolution in 1999 endorsed the following test of relevance for questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise.

The Senate has resolved 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 to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policy or factual questions about when and how policies were adopted. I draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised, which I now incorporate into the *Hansard*.

*The extract read as follows—*

#### **Public interest immunity claims**

That the Senate—

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

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

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

(1) If:

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

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

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

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

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information

or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

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

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

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

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

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

*(13 May 2009 J.1941)*

(Extract, Senate Standing Orders)

**CHAIR:** Witnesses are specifically reminded that a statement that information or a document is confidential or consists of government advice is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document.

I ask members of the media to follow the established media guidelines and the instructions of the committee secretariat. As set out in the guidelines, senators' and witnesses' laptops, mobile phones and other devices and personal papers are not to be filmed or photographed. I remind everyone in the gallery that they are not permitted to speak or interfere with the proceedings or with witnesses at any point during the hearing.

Witnesses and senators who are seeking to table documents during the committee's hearings are requested to provide an electronic copy of those documents to the secretariat so that the documents can be circulated electronically during the hearing. Please liaise with the secretariat for any assistance.

### Department of Defence

[09:04]

**CHAIR:** Today's committee proceedings will commence with representatives from the Department of Defence. I'd like to welcome Senator the Hon. Penny Wong, representing the Minister for Defence; Mr Greg Moriarty, Secretary of the Department of Defence; and officers of the department. Minister, would you or Mr Moriarty like to make an opening statement?

**Senator Wong:** I think Mr Moriarty does have one. But, if you want, we can perhaps deal with other matters first and then move to the content of the statement.

**CHAIR:** Thank you, Minister. Before we commence today's hearing, I want to note the passing of the late Senator Jim Molan AO DSC, who frequently attended these estimates hearings. In fact, I think Jim kicked off the last round. Senator Molan had a long and distinguished military career, serving in the Australian Army for more than 40 years and reaching the rank of major general. As we heard last week in the Senate, Jim lived a life of service dedicated to his country, and he exemplified this dedication through his military career and his public life as a senator for the state of New South Wales. He was also very much a cherished grandfather, father and husband. Given that the Department of Defence is before us today, I think it's appropriate that we acknowledge him with a one-minute silence.

*A minute's silence having been observed—*

**CHAIR:** Thank you, everyone. On behalf of the committee, I extend our condolences to his family and colleagues. Minister or Secretary, would you like to make an opening statement?

**Senator Wong:** Before the secretary does that, in the context of this committee may I just add to your contribution, Chair? I spoke in the Senate, as I think most of the committee did, in relation to Senator Molan. He was someone who lived a life of public service, called to serve his country first in the ADF and then also as a parliamentarian. Despite the fact that we were on different sides of the chamber, I personally appreciated the rigour, passion and focus he brought to matters of national security, and his willingness to engage with me with respect and courtesy. I again join with you in extending my sympathy to his family.

**CHAIR:** Thank you, Minister.

**Mr Moriarty:** Thank you, Chair. On behalf of the Chief of the Defence Force and myself, and the entire Defence organisation, we'd like to acknowledge the life and service of Senator Jim Molan as well. He served our country in the Defence Force and then he continued throughout his life to be deeply interested in our work, particularly in our people, and we're very grateful for that.

**CHAIR:** Thank you, Secretary. Before you continue, Senator Birmingham, did you want to say a few words?

**Senator BIRMINGHAM:** Chair, thank you for your acknowledgement of former Senator Molan and, indeed, I thank the Minister and Secretary as well. As we have all reflected, Jim's wisdom, experience, and insight will be missed in many ways, but perhaps none more so in his professional experience than in this committee in this place, where he brought a rare—not unique, because we have Senator Fawcett with us too—experience of having sat on both sides of these tables, of having worn the uniform that our nation should have such pride in, and of having questioned those who wear the uniform to ensure that the standards, integrity and aspirations of our nation are upheld. We all owe Jim a great debt of gratitude and should aspire to make sure that our contribution in this place is one that lives up to his ambitions for our nation.

**CHAIR:** Thank you, Senator. Secretary.

**Mr Moriarty:** Thank you for the opportunity to make an opening statement. Chair and senators, next week will mark one year since Russia's illegal invasion of Ukraine. This is a conflict that continues to have significant strategic implications for us all. If Russia's brutal invasion succeeds, it sends a message that belligerent states can achieve their objectives by military aggression. This is a precedent we can never accept, be it in Europe or in the Indo-Pacific.

That's why Australia has provided Ukraine with approximately \$655 million dollars in support, including \$475 million dollars in military assistance. Defence has stood up ADF Operation KUDU to deliver Australia's military support, including Australian produced Bushmaster protected mobility vehicles and M113 armoured vehicles. Australia's steadfast contribution to Ukraine's defence is an investment in a future in which military power does not determine international boundaries or a sovereign government's right to make its own strategic choices.

Defence's assistance to Ukraine is occurring in the context of significant regional and domestic defence commitments. We continue to prioritise defence and security engagement with our Pacific neighbours. In December, Australia and Vanuatu signed a bilateral security agreement, cementing our ability to work together in a range of security areas. In January, the Prime Minister announced that we would seek to conclude negotiations on a bilateral security treaty with Papua New Guinea by the end of April this year. Defence is working across government and with our colleagues in Papua New Guinea to implement this commitment.

Defence has also been providing significant domestic assistance. Since the last estimates hearing, Defence has assisted Victoria, New South Wales, South Australia and Western Australia following severe flooding. Natural disasters in remote regions of Australia, like the Kimberley, are particularly challenging. The Chief of the Defence Force and I are proud of the agility and responsiveness demonstrated by our personnel in responding to the wide-scale flood emergencies.

As the Prime Minister and Deputy Prime Minister announced yesterday, the Defence Strategic Review independent leads, His Excellency Professor Stephen Smith and Sir Angus Houston, have finalised their report. Sir Angus Houston presented the final report on behalf of the leads to the Prime Minister and Deputy Prime Minister yesterday. The review was an independently led examination of Australia's defence force posture, force structure and capability. Government will now consider the report and its recommendations. The Deputy Prime Minister has indicated that, after appropriate consideration, the government will make public its response to the Defence Strategic Review. The CDF and I are committed to delivering the government's directions to Defence following its consideration of the DSR's recommendations.

Defence is working closely with our AUKUS partners, the United Kingdom and the United States, to develop the optimal pathway for Australia's acquisition of conventionally armed nuclear-powered submarines. We are on track for an announcement this quarter. The acquisition pathway is more than the platform. We have been assessing the safety, security, workforce and industrial base requirements to deliver Australian nuclear-powered submarines. AUKUS partners are working together in close consultation with the International Atomic Energy Agency. We are working to develop a safeguards and verification approach for Australia's acquisition of naval nuclear propulsion that will set the highest possible non-proliferation standards and strengthen the integrity of the global nuclear non-proliferation regime.

Progress on developing advanced capabilities under AUKUS pillar II has also been a high priority for Defence. AUKUS is maturing as a genuine trilateral partnership, where partners engage as equals, mutually respectful of

each other's sovereignty and focused on the rapid delivery of cutting-edge capabilities that are relevant to all of us. The AUKUS partnership will help us maintain our capability in the Indo-Pacific into the future and complement our collective efforts to ensure regional stability and security.

The government has commissioned Defence to prepare a new defence industry development strategy, informed by the Defence Strategic Review. The strategy will establish the framework for, and articulate the principles and direction of, defence industry policies and initiatives for the foreseeable future. The strategy will reflect the reality that shrinking strategic warning times and rapidly advancing technology mean that Australia must innovate quickly and increase our industrial capacity in priority areas to deliver and support defence capabilities. Our planning is focused on a strong sovereign defence industrial base that also leverages our close allies' and partners' technology and industrial bases.

The government and Defence are prioritising the establishment of the Guided Weapons and Explosive Ordnance Enterprise. We are delivering the enterprise through three parallel lines of effort: accelerated acquisition of guided weapons, increased local maintenance and domestic manufacturing. In recognition of the scale and complexity of the enterprise, Defence has established two new guided weapons and explosive ordnance focused divisions within the Joint Capabilities Group and the Capability Acquisition and Sustainment Group.

In January, the government announced Defence had signed a contract with Kongsberg to deliver the naval strike missile. It was also announced that Defence will acquire the land based, long-range, surface-to-surface High Mobility Artillery Rocket System, or HIMARS, which includes launchers, missiles and training rockets.

While Defence has been able to leverage our strong and close relationships to ensure supply, the confluence of inflationary pressures, strained global supply chains and growing global demand are having an impact on the price we pay. That, in turn, has an impact on the Defence budget. It is one of the many and growing fiscal pressures that we currently face. Hard conversations are ongoing within Defence to identify where funds can be directed to meet our most pressing priorities.

This financial year Defence contributed \$146 million in savings to the whole-of-government savings measure for savings from external labour and savings from advertising, travel and legal expenses, and an ambitious and enduring Australian Public Service reform plan. We expect this contribution to grow in 2023-24 and beyond. Achieving this saving will require Defence to look very closely at its use of contractors versus Australian public servants, and our department is working to provide our minister with a plan for reductions to our external workforce numbers.

Defence has continued to support and facilitate closer engagement with our friends and partners. Defence supported the Deputy Prime Minister's attendance at the ninth ASEAN Defence Ministers Meeting-Plus in Cambodia and his travel to Vietnam for the inaugural high-level meeting of defence ministers. Defence also supported the Deputy Prime Minister's engagements in the United States for the AUSMIN consultations followed by meetings in Japan. We also provided support to the Deputy Prime Minister for his participation in 2+2 Ministerial Consultation with France and then for the AUKMIN consultations in the United Kingdom. We also supported the Deputy Prime Minister in his travel to the United States in February.

Australia's alliance with the United States remains fundamental to our security. This year, Australia will host the 10th iteration of Exercise Talisman Sabre, the largest bilateral combined training activity between the ADF and the US military. This year, the Papua New Guinea Defence Force, the Republic of Fiji Military Forces and His Majesty's Armed Forces of Tonga have been invited to participate in Exercise Talisman Sabre as part of the ADF contingent. This will serve to further enhance our interoperability with the militaries of the Pacific.

Significant work is also continuing in Defence on a number of people focused reviews and inquiries, including, importantly, the Royal Commission into Defence and Veteran Suicide, the Afghanistan inquiry reforms, and efforts to recruit, retain and grow our workforce. Building on the foundations laid by our Pathway to Change strategy, we are in the process of developing the next phase of our cultural reform program.

I thank the committee for their indulgence and welcome questions.

**CHAIR:** Thank you very much for that statement. It sounds like you've got a bit on your plate at the moment. Would you be happy to table a copy of that statement for the benefit of senators of the committee?

**Mr Moriarty:** Yes.

**Senator BIRMINGHAM:** Mr Moriarty, you spoke about the fiscal pressures that Defence is facing and the need to prioritise around the most pressing priorities that Defence is facing. Is every dollar currently in the Defence budget needed to meet Australia's national security interests?

**Mr Moriarty:** Well, I think it's true that the budget is under pressure. We face challenging strategic circumstances. The government has an ambitious agenda to increase Australia's defence capability, and it's the department's determination to support the government with its defence policy objectives. Mr Marles has spoken about the need to accelerate capability development for us to be more agile in how we approach bringing into service capabilities. Mr Marles has spoken about the need for us to contribute to shaping our region, to deterring and to growing the capability to respond in the event that we were called on to do so. So, I think we're very realistic about the challenges we face. The budget that we have is fully committed, and the *Defence strategic review* will help us put further emphasis on sharpening those priorities and taking hard decisions about what we need to focus on and what perhaps might need to be deprioritised or perhaps even cut.

**Senator BIRMINGHAM:** But the budget we have is fully committed, and you indicated that it's a challenge as it is to meet the spending reductions as part of the government's reduction in consultancies, advertising and travel. That itself is a challenge—to meet those reductions—let alone if there are any other reductions. Is that correct?

**Mr Moriarty:** The defence department will make the appropriate whole-of-government contributions that the government sets for us, and I think it's appropriate that we are subject to the same disciplines that all other government departments and agencies are subject to. Of course, Mr Marles has said that he believes there is a case for growing the resources allocated to defence. But I think it's the role of the department to make sure the resources the government gives us on behalf of the Australian taxpayer are allocated as efficiently as possible.

**Senator BIRMINGHAM:** Aside from those areas of efficiency, though, if you had markedly less in your budget you would then have to make significant cuts elsewhere, wouldn't you?

**Mr Moriarty:** Well, we would prioritise within the envelope the government gave us.

**Senator BIRMINGHAM:** But you mentioned cuts in your previous answer, and you don't usually do that until reality—if you've got a lot less, you can do a lot less.

**Mr Moriarty:** That's a theoretical, but it's a truism. Of course if the pie shrinks then you reprioritise within the pie you have. If the pie grows, you can do more. Our job is to provide advice to government about where those resources might most appropriately be spent. Government decides, and then we will implement those decisions rigorously.

**Senator BIRMINGHAM:** Consolidated funding for defence in the 2022-23 budget stands at around \$48.7 billion. Is that correct?

**Mr Moriarty:** Defence proper would be \$47 billion, I think, but within the portfolio of course—

**Senator BIRMINGHAM:** With ASD included—

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

**Senator BIRMINGHAM:** That's pretty close to the two per cent of GDP target. Is that right?

**Mr Moriarty:** I think—

**Senator BIRMINGHAM:** Obviously the economy grows and varies a little bit in size. But within margins of error it's currently tracking fairly close to that two per cent of GDP as a consolidated defence investment?

**Mr Groves:** Yes, at the last budget we were tracking just a smidge under two per cent for the defence budget. Yes, you're right: \$48.7 billion is the combined funding for both the defence department and ASD. And the strong growth in GDP really was the factor that took us slightly under at the October budget.

**Senator BIRMINGHAM:** In the post World War II era, what's the lowest level that the share of investment in defence has gotten to?

**Mr Groves:** I don't have that information with me.

**Senator BIRMINGHAM:** Does 1.56 per cent around about 2013 sound correct?

**Mr Groves:** I don't have the information going back that far.

**Senator BIRMINGHAM:** Mr Moriarty?

**Mr Moriarty:** I don't recall.

**Senator BIRMINGHAM:** It's pretty close to correct, isn't it? In fact, I think that is the reported figure: 1.56 per cent was the low point in relation to the share of the national economy being invested in defence expenditure. If you were to, today, be spending some 0.4 per cent less of GDP on defence expenditure, that would be a reduction of around \$10 billion to the current defence budget, wouldn't it?

**Mr Moriarty:** That's a largely hypothetical proposition.

**Senator BIRMINGHAM:** In the period since 2013, has the increase in defence spending from a low point of 1.56 per cent of GDP to now around two per cent of GDP increased defence capability?

**Mr Moriarty:** Defence is a more capable organisation than it was in that year.

**Senator BIRMINGHAM:** Thank you, Mr Moriarty. Defence is a more capable organisation. Has defence capability enhanced during that time, as a result of having the significant increase that now equates to more than \$10 billion extra per annum delivered to Defence?

**Mr Moriarty:** The recapitalisation of the ADF is an ongoing process. New capabilities have been introduced to service and some capabilities have been retired from service across that time.

**Senator BIRMINGHAM:** As a more capable organisation, you're more capable of doing more things, aren't you?

**Mr Moriarty:** I won't speak on behalf of the ADF leadership, but it is my judgement that we are more capable of delivering the ability to shape our region and to deter and to deliver effects now than we were at that time. We have an ongoing process of building defence capability. Part of that is investment in our people, in the training. Some of it has got to do with the quality of our international engagements and the work that we do with allies and partners. And clearly some of it has to do with the platforms that we're able to introduce to service. More modern platforms are generally capable of delivering a better, more effective, wider range of effects.

**Senator BIRMINGHAM:** Thanks, Mr Moriarty. Do you recall the statement made by your predecessor, Mr Richardson, to estimates in 2014, when reflecting, as he did in a speech to ASPI and in these estimates, on the some \$16 billion worth of deferred measures and other budget cuts to Defence? He said, 'The goalposts have not only been moved but have been chopped down and used for firewood.'

**Mr Moriarty:** I don't recall the specifics of that quote, but it sounds very similar to others that I've heard from Mr Richardson.

**Senator BIRMINGHAM:** It's consistent with Mr Richardson's style, indeed. I'm sure Senator Wong probably remembers that quote.

**Senator Wong:** No, actually I don't. But I do know that we are very focused on ensuring that we have a capable ADF, an ADF capable to meet the challenges of the time. And unlike your government, we don't propose to continue to make announcements which are not funded. We have made a clear commitment in relation to both budget and capability, and we are working hard to deliver that.

**Senator BIRMINGHAM:** What does the certainty of knowing that at least two per cent of GDP will be invested in defence spending provide to Defence and the certainty of having had a steady, growing budget for Defence provide in terms of planning and capability development compared with previous periods of cuts and reductions in defence spending?

**Senator Wong:** Senator, we all understand what you want to do and what you're trying to do. I could sit here talking to you about the 28 programs which were running behind schedule. I could talk to you about the budget blowouts, about the fact that you articulated very loudly, or yelled very loudly, about the warning time being reduced but didn't make the appropriate acquisition and capability decisions that were required as a consequence. There's no point in pointing to a risk without actually mitigating it. I could talk about the revolving door of six defence ministers and seven defence industry. You should make a speech about that, not put the official in the position that you're trying to do, of asking him to essentially go back through history and give a dissertation on budgets over the last decade.

**Senator BIRMINGHAM:** In dealing with budgets, I'm dealing with facts, figures and the reality of an increasing level of defence spending, an increasing level of defence spending that Mr Moriarty has acknowledged has provided for Defence to improve its capability and capacity to respond during that period of time.

**Senator Wong:** You certainly announced it. You didn't deliver much, but you announced it.

**Senator BIRMINGHAM:** That's not true.

**Senator Wong:** It is true.

**Senator BIRMINGHAM:** We can have those debates. You are asking—

**Senator Wong:** This is the problem. You go down this path and we end up in this. It's a matter for you how you run your estimates, but Mr Moriarty went through in the opening statement the very serious challenges we face; what the government is seeking to do; what Defence is seeking to do. You don't want to interrogate any of that. You just want to get into a political fight over what happened 12 years ago.

**Senator BIRMINGHAM:** We're going to get to interrogate, for sure.

**Senator Wong:** That's fine.

**Senator BIRMINGHAM:** Fear not on that.

**CHAIR:** Order.

**Senator Wong:** Senator Van is talking to me, Chair.

**CHAIR:** Senators, can we please return to the line of questioning.

**Senator Wong:** Through the chair, I think Senator Van wanted to say something to me. Would you like to say something to me?

**CHAIR:** Senator Birmingham, please direct your questions through the chair.

**Senator BIRMINGHAM:** Senator Wong, I appreciate that you would prefer that there wasn't any element of partisan question or otherwise here.

**Senator Wong:** I'm not saying that. Don't verbal me.

**Senator BIRMINGHAM:** Going through that history—

**Senator Wong:** Senator Birmingham, don't verbal me. I'm quite happy to have an argument with you—

**Senator BIRMINGHAM:** on the basis that your defence minister yesterday tried to make claims about who the worst government in Australia's history on defence was. You're sitting next to the Secretary of Defence, who you have retained as Secretary of Defence—and I welcome that—and the CDF, who you have re-appointed as CDF—and I welcome that—who have served consecutive governments—

**Senator Wong:** He's really happy!

**Senator BIRMINGHAM:** and, importantly, served consecutive governments in relation to a period of time where defence spending has been restored and, as Mr Moriarty has acknowledged, the capability and capacity of Defence restored as a fact and reality of that. Mr Moriarty, you said—

**Senator Wong:** You just made a comment, so I'm entitled to respond. I want to remind you, Senator Birmingham, that the Prime Minister, prior to the election, has been clear that defence budgets—we recognise this means defence budgets beyond the two per cent benchmark, and the Deputy Prime Minister has also said that Defence's budget will also need to grow.

**Senator BIRMINGHAM:** And that is welcome. It's something the previous government has said, and of course the previous government did grow the defence budget. Mr Moriarty, or CDF, is there any basis in fact that you would use to defend the statement that the defence minister made yesterday about who was the worst government in Australia's national security history?

**Mr Moriarty:** That would be a political judgement and I wouldn't wish to get drawn into commenting.

**Senator BIRMINGHAM:** I didn't think that you would, and it's wise for you not to. Has the government briefed any media on the content of the DSR?

**CHAIR:** Who is that question directed to?

**Senator BIRMINGHAM:** I'm happy for Mr Moriarty to respond or for the minister to respond.

**Mr Moriarty:** I'm not aware of any briefing that has been provided. I certainly have not been asked to do any briefing, and the department has not provided briefing on the DSR.

**Senator BIRMINGHAM:** Minister? Has the minister's office, the Prime Minister's office or others briefed media on the content of the DSR?

**Senator Wong:** Not that I have knowledge of.

**Senator BIRMINGHAM:** Not that you have knowledge of. Are you able to check, Minister?

**Senator Wong:** I'm telling you, not that I have knowledge of.

**Senator BIRMINGHAM:** There is a consistency across media reporting today that the DSR recommends investment in expanding long-range strike capability. Is that correct?

**Mr Moriarty:** I think Mr Marles has made it clear that he believes that there is a need for increased investment in long-range strikers. I think that—

**Senator BIRMINGHAM:** Mr Marles has received the DSR.

**Mr Moriarty:** He's on the record as saying that that's his view. The government announcements over recent months about the investment in HIMARS and in the KONGSBERG missile suggests that investments are being made.

**Senator BIRMINGHAM:** The reporting today consistently speaks of recommendations in the DSR. Have journalists been briefed about what the DSR recommends, Minister? Or is it just a magical coincidence that they have all seemingly come to similar conclusions? I expect today we're going to receive plenty of responses where you won't talk about what's in the DSR, yet it looks to me like government has been talking about what's in the DSR with elements of the fourth estate.

**Senator Wong:** I'm not aware of the government doing so. I would make the point, and I'll just confirm with the CDF, that the story, or the facts you reference, are consistent with what the DPM has said regularly in terms of range and lethality. I think he's actually made reference to missile capability. My point is it's not a new priority.

**Senator BIRMINGHAM:** Again, I thought the DSR was an independent piece of work to government—

**Senator Wong:** Sure, but I think—

**Senator BIRMINGHAM:** not a reflection of speeches given or comments made by the defence minister.

**Senator Wong:** No, of course. But I don't think some of those needs of the ADF and the sort of capability that's required—this has been a very public discussion for some time.

**Senator BIRMINGHAM:** When did the Minister for Defence receive the final version of the DSR?

**Mr Moriarty:** Yesterday.

**Senator BIRMINGHAM:** The same time as the Prime Minister. And the department?

**Mr Moriarty:** I received it after the Deputy Prime Minister and the Prime Minister had received it—so yesterday.

**Senator BIRMINGHAM:** So everyone received it yesterday. What briefings were provided to the Prime Minister and the minister yesterday on the content of the DSR?

**Senator Wong:** By?

**Mr Moriarty:** I understand—

**Senator Wong:** Is that a question of Defence?

**Senator BIRMINGHAM:** Yes, it's a question for Defence?

**Senator Wong:** We can't speak for the panel.

**Mr Moriarty:** I do know that Sir Angus, on behalf of himself and Professor Stephen Smith, who is unable to be here because of his duties representing us in London, presented the report to the Prime Minister and the Deputy Prime Minister.

**Senator BIRMINGHAM:** Presented the report. Was there a period of time in which Sir Angus briefed them?

**Mr Moriarty:** I'm not aware.

**Senator BIRMINGHAM:** Minister, are you aware?

**Senator Wong:** Sorry? I missed the question.

**Senator BIRMINGHAM:** As to whether they were actually briefed on the content of the report—or was it literally just a photo-op handing-over ceremony?

**Senator Wong:** By whom? I was not part of that. I don't know what discussions took place yesterday.

**Senator BIRMINGHAM:** Could you take it on notice?

**Senator Wong:** Sure. What's the question. Did Sir Angus brief—

**Senator BIRMINGHAM:** The Prime Minister and/or the defence minister? If so, for how long? I'm trying to understand whether this was just a pic op or whether a proper briefing and discussion took place.

**Senator Wong:** That is so tempting to respond to, about pic facts and running government by pic facts, which is what the Australian people got used to under Mr Morrison, but I'll restrain myself. I will take the question on notice.

**Senator BIRMINGHAM:** You didn't restrain yourself. That was a poor example!

**Senator Wong:** That was restraint for me! I just referenced it and I didn't actually—

**CHAIR:** Alright, Senators—

**Senator BIRMINGHAM:** Was there a conversation with Mr Smith?

**Senator Wong:** I'm sorry?

**Senator BIRMINGHAM:** Was there a conversation with Professor Smith, with High Commissioner Smith?

**Mr Moriarty:** I'm unaware of that. I wouldn't want to speculate. My understanding was that Sir Angus was handing over the report on behalf of himself and Professor Smith.

**Senator SHOEBRIDGE:** Was it catered?

**Senator Wong:** Was it catered!

**CHAIR:** I need to start to move the call around. Thank you very much, we will come back to you, Senator Birmingham. Secretary, I have a couple of questions with respect to the attempts to recruit ADF pilots. I think the Deputy Prime Minister, on the 2GB program with Ben Fordham this morning, made some comments with respect to that.

**Mr Moriarty:** Chair, we will just get the most appropriate officers to come to the table.

**CHAIR:** On 9 November last year, the Deputy Prime Minister announced at a press conference that he'd asked the Department of Defence to engage in a detailed examination about the policies and procedures that apply to our former defence personnel, and particularly those who come into possession of our nation's secrets. At the last Senate estimates hearing, on that very same day, Ms Perkins, you advised that the department would report directly to the Deputy Prime Minister by 14 December. Has this advice been provided to the Deputy Prime Minister, and when was that advice provided?

**Ms Perkins:** We completed the inquiry the Deputy Prime Minister directed and delivered that to him on 14 December.

**CHAIR:** And what did the examinations of the Department of Defence find?

**Ms Perkins:** I think it's important just to start by affirming to the committee that that inquiry and the report delivered to the Deputy Prime Minister were classified. But what I can say at a high level is that the report looked at and made a range of recommendations that, in general terms, looked at how we might strengthen internal defence training and employment-security-related policies, how we can expand our outreach to people who have left our employment and the veterans community to help them understand and live up to their enduring obligations, and how we establish channels for former defence personnel to support and seek support around security obligations. And, importantly, we made recommendations to work with other parts of government on whether further strengthening of legislation would be beneficial.

**CHAIR:** Were all the recommendations made by Defence accepted?

**Ms Perkins:** Yes, they were.

**CHAIR:** By the Deputy Prime Minister?

**Ms Perkins:** They were.

**CHAIR:** With respect to the updates to Defence's internal policies, how regularly does the department examine the processes and procedures of personnel once they do separate from the ADF?

**Ms Perkins:** What we did in the work that led to the inquiry report was work across all parts of Defence to look at actively what policies were in place. I won't speak to the details, again, because some of this gets a bit sensitive, but we did a very detailed look at all of those policies, and we are now working through a very active implementation plan that we'll deliver throughout 2023. Where we found elements that could be strengthened, we will do that work internally, and that is undergoing really hard work right across the department now.

**CHAIR:** Historically, though, has this process been any different for those who had worked on or had access to highly sensitive material in the past?

**Ms Perkins:** Security policy is under constant review. It's useful context, I think, for the committee: Commonwealth security policy is developed primarily through the Attorney-General's Department, but Defence and other agencies of national security take part in very regular review and consideration of that policy. As the security environment evolves and changes, we're updating it. For instance, we went through a very major overhaul of the Protective Security Policy Framework around six or seven years ago. We flowed that back into our Defence Security Policy Framework and did a major overhaul of Defence security policies in the last five or so years, and we update those very regularly. For instance, I chair the Defence Security Committee, and at most meetings we will be bringing forward to that committee parts of that security framework where we've made adjustments based on changes in the security environment.

**CHAIR:** I ask because, just going back to the last round of estimates in November of last year, Defence officials took on notice a question from Senator Paterson about when the department became aware of this issue. In response to that QON, the question on notice, Defence said it became aware as a result of a security report that was submitted on 29 June 2021. Is that correct?

**Ms Perkins:** That's correct.

**CHAIR:** While I appreciate that you're probably unable to go into all the details of that report, how much of a concern was it for Defence at the time?

**Ms Perkins:** Whenever we receive security reports, they are of concern. I think the best way I can answer that for you is we work very closely with our colleagues, who run the Counter Foreign Interference Taskforce and the officers of agencies like ASIO and the AFP, and take direction from them on how we deal and respond with particular cases. That initial security report, in 2021, I would characterise as being an intelligence report that we worked closely with them on to contextualise within our departmental response.

**CHAIR:** So the action taken was to consult those other agencies?

**Ms Perkins:** Yes.

**CHAIR:** Was there any other consultation outside of Defence other than those agencies?

**Ms Perkins:** I couldn't speak to that in this hearing.

**CHAIR:** It's fair to say the response was proportionate to the risk that was identified?

**Ms Perkins:** I believe so; yes.

**CHAIR:** Was the advice provided to the minister's office at the time?

**Ms Perkins:** I'm not in a position to respond to that, but we could take that on notice. I was not in a responsible role in this part of the portfolio in 2021.

**CHAIR:** Just remind me, who was the minister at the time?

**Ms Perkins:** I would assume that was Minister Dutton.

**CHAIR:** If you are able to take it on notice, I would appreciate that.

**Ms Perkins:** Certainly.

**CHAIR:** Based on that last answer, did the then minister direct Defence to take any actions to address the problem?

**Ms Perkins:** As I said, I couldn't answer that question, but we will take that on notice.

**CHAIR:** Thank you very much.

**Senator STEELE-JOHN:** My first question is about the ADF. Operation Okra, which is Australia's contribution to the joint taskforce intervening against ISIS across Syria and Iraq, has seen ADF personnel deploy to Iraq. Can you confirm this for us?

**Gen. Campbell:** Yes; that's correct.

**Senator STEELE-JOHN:** What has been the peak of ADF deployments under Operation Okra, and when did it occur?

**Gen. Campbell:** I'm going to have to take that on notice. That was some years ago.

**Senator STEELE-JOHN:** You mean the peak was some years ago?

**Gen. Campbell:** I believe so, yes. I will take it on notice and get you an accurate figure.

**Senator STEELE-JOHN:** How many personnel were deployed to Iraq under Operation Okra in the 2021-22 period?

**Gen. Campbell:** Again, are you talking about the number that we rotate through or the total number of people who went to Iraq?

**Senator STEELE-JOHN:** Either would be useful to me, but I'm particularly interested in the number of individuals deployed to Iraq under Operation Okra in that period?

**Gen. Campbell:** I'm going to take it as how many positions that we have deployed, and my colleague Air Vice-Marshal Stephen Chappell will speak to that.

**Air Vice-Marshal Chappell:** I will take the questions referencing Operation Okra on notice. I'm unable to provide details on Okra at this time.

**Senator STEELE-JOHN:** So you're unable to tell us how many individuals were deployed as part of the operation in that period of time?

**Air Vice-Marshal Chappell:** We will be able to get that information to you, but not immediately.

**Senator STEELE-JOHN:** You haven't got it now?

**Air Vice-Marshal Chappell:** I don't have Operation Okra numbers available to me now.

**Senator STEELE-JOHN:** Will you be able to get it to us at some point during the day? You are here until 3.30.

**Air Vice-Marshal Chappell:** We'll look to do that.

**Senator STEELE-JOHN:** That would be useful. What has been the financial footprint of the deployment in dollar terms since 2014?

**Air Vice-Marshal Chappell:** Again, you're referring to Operation Okra dollars?

**Senator STEELE-JOHN:** Yes.

**Air Vice-Marshal Chappell:** Again, I'll take that and we'll get that information to you today.

**Senator STEELE-JOHN:** That most certainly by today—thank you. Does the ADF have an estimation of civilian casualties as part of this operation?

**Gen. Campbell:** Again, we'll take that on notice. We are unlikely to be able to provide that to you today.

**Senator STEELE-JOHN:** Okay.

**Gen. Campbell:** And what would be for the duration of Operation Okra?

**Senator STEELE-JOHN:** Absolutely, yes.

**Gen. Campbell:** And you're speaking to civilian casualties that may have arisen from ADF operations?

**Senator STEELE-JOHN:** Yes, absolutely. I'll leave that there. I do hope we can have some information before the end of the day as this is a current operation.

**CHAIR:** Senator Steele-John, I think Senator Lambie had a follow-up question on yours, if that's okay?

**Senator STEELE-JOHN:** Yes.

**Senator LAMBIE:** There are obviously national security elements that will be attached to this. I was wondering whether or not we could have a table or something to show us the whereabouts of our troops without the national security element, and about how many are on the ground in certain areas, without pushing the national security element, obviously?

**Gen. Campbell:** A publicly releasable summary of our—

**Senator LAMBIE:** Do we still have them still in Syria?

**Gen. Campbell:** numbers of persons in different operational areas?

**Senator LAMBIE:** Yes, thank you, without the national security element obviously.

**Gen. Campbell:** We can do that.

**Senator STEELE-JOHN:** In the event of an incident occurring overseas that would require an ADF combat deployment specifically outside of ongoing operations, what process would the government use? I am particularly wanting to know what process the government would use to seek authorisation for an ADF deployment in those circumstances?

**Gen. Campbell:** This starts first with a policy discussion about Australia's national interests, which would be a whole-of-government and senior ministers' discourse typically in the national security committee of cabinet and supported by a wide range of relevant policy departments and intelligence agency information, perhaps international partner dialogue, as well as military advice on capacity, capability, options and so forth but centred on the question of Australia's national interest.

**Senator STEELE-JOHN:** Of course. From that point of view, and it may be beyond your remit, CDF, in which case I will move to the minister, but obviously those conversations and analysis occur and then what?

**Gen. Campbell:** Taken with all such advice, policy, intelligence, legal, international relations et cetera and military then you may see a government decide to commit to the conduct of operations.

**Senator STEELE-JOHN:** Yes, but just returning to the specifics of my question in relation to the way in which the government would seek authorisation for the ADF deployment beyond current operations, Minister, can you provide any additional information to us here? I'm seeking the process as your government conceives it.

**Senator Wong:** We should cut to the chase here. You have a view that parliament should authorise, should make the decision, to commit troops to deploy the ADF. Our view, the government's view—and I appreciate this is not something with which you and others agree with—is that it should remain a decision of the executive. I accept that many people in the parliament and beyond have a different view of that and, for some of them, for very principled reasons. But our view is that we do think parliament has an important role in terms of the scrutiny of decision, accountability for the decision and for the conduct of operations. The minister should be more

transparent or as transparent as is possible with the parliament. The inquiry that the joint standing committee, which I don't think has reported yet—from memory—is engaged in, will provide an opportunity, not only for your perspective to be aired—yours and others—but also look at ways in which parliamentary scrutiny of decisions and subsequent decisions should occur. You asked me this question in question time, and I was very clear with you. We have a different view, which goes to fundamentally the responsibility of executive government to ensure the safety of the nation and the safety of Australian citizens, and that that power in the executive remains an important part of discharging that obligation.

**Senator STEELE-JOHN:** Thank you, Minister. I recognise that difference of views. My views, the Greens' views, are the views of 87 per cent of the Australian public on this matter. I bring you back to my actual question, which was not a political trap of any type. What I'm seeking to ascertain from you is the government's conception of what the authorisation process is for a military deployment outside of current operations. The CDF has referenced national interest and those deliberations but there is a process.

**Senator Wong:** Decisions going to national security, of which such a decision would be one, are decisions for the National Security Committee of the cabinet and, ultimately, the cabinet.

**Senator STEELE-JOHN:** Once the cabinet has resolved a decision then what is the process for the authorisation of deployment?

**Gen. Campbell:** With a National Security Committee of cabinet decision, in certain circumstances, it may be a whole-of-cabinet decision. The member of government sworn as the Minister for Defence, in this case the Deputy Prime Minister, will issue direction to the Chief of the Defence Force and to the Secretary of Defence, depending on the nature of the operation, to commit the Australian Defence Force operational activity.

**Senator STEELE-JOHN:** So cabinet goes to the defence minister, who issues directions?

**Gen. Campbell:** His direction also be a specification of the decision made by the National Security Committee of cabinet or of cabinet.

**Senator STEELE-JOHN:** Is it the view of the government, Minister, that the Governor-General or the federal executive council play a role in the authorisation and the decision?

**Senator Wong:** I'm not sure that is our view. These are constitutional arrangements. I can take on notice more detail around them. I think, historically, this was one of the powers of the Crown, so—

**Senator STEELE-JOHN:** Yes, indeed, but your CDF just described a process by which—

**Senator Wong:** The question is: At which point there is the Governor-General engaged by the executive government?

**Senator STEELE-JOHN:** Yes.

**Senator Wong:** I will check that.

**Senator STEELE-JOHN:** I would hope so. Could you also—

**Senator Wong:** Hang on, that was an unnecessary quip, so I will respond to it. We run a system of cabinet government. The Prime Minister has made it very clear his commitment to better cabinet process and a system of cabinet government. I have great faith in our Westminster system and, of course, were such a decision to be made, I would assure you that we would take advice and act in accordance with the appropriate procedures.

**Senator STEELE-JOHN:** If you can take that on notice, that would be fantastic. Can you also tell us whether it is your government's understanding that this process was followed during the 2003 invasion of Iraq?

**Senator Wong:** Well, I don't know that I can provide that. I will take it on notice but I don't know what information I can ascertain on that.

**Senator SHOEBRIDGE:** There is a statutory obligation.

**Senator Wong:** Sure, if there are recorded decisions but this may go to what was the process of cabinet. We weren't in government, as you know. We opposed—

**Senator BIRMINGHAM:** I will pick up where I left off initially. Can I just confirm, only one of the two authors of the Defence Strategic Review was present for the handover of the review yesterday. If briefings occur, I am interested on any update on that. Only one of the two authors participated in that briefing yesterday, is that correct?

**Mr Moriarty:** My understanding is that Sir Angus was present. I do not know the nature of the conversation between Sir Angus, the Prime Minister and the Deputy Prime Minister.

**Senator BIRMINGHAM:** Minister, have you received any update as to whether a detailed conversation on content of the DSR took place in a briefing from Sir Angus.

**Senator Wong:** What? In the last 20 minutes, while I've been sitting here answering questions?

**Senator BIRMINGHAM:** Well, you've been on your phone a reasonable amount of time.

**Senator Wong:** Yes. It actually had nothing to do with any of that, I'm afraid. What's your question? Did the high commissioner brief by phone or something? Is that the—

**Senator BIRMINGHAM:** I'm trying to understand, firstly, whether briefings took place.

**Senator Wong:** Well, I've taken it on notice.

**Senator BIRMINGHAM:** Okay. Why didn't Professor Smith return from London to participate in the handover of the DSR and briefings?

**Senator Wong:** Because he's the high commissioner.

**Senator BIRMINGHAM:** That doesn't prevent him from returning to Australia to—

**Senator Wong:** No, but he has a job to do there, and there are many ways in which that engagement can occur without requiring him to return.

**Senator BIRMINGHAM:** Detailed briefings being—

**Senator Wong:** We've just had AUKMIN. You would know that the government is working very closely with the United Kingdom, particularly in relation to the AUKUS interim capability decisions which have to be made and which we've said publicly would be made at some time in the earlier part of the year. 'Optimal pathway', I think, is the phrase used. So, in terms of the hierarchy of what the government wants the high commissioner engaged in, it is our preference for him to remain in London.

**Senator BIRMINGHAM:** Will he be participating in detailed briefings of the Prime Minister or the defence minister or the National Security Committee in relation to the Defence Strategic Review?

**Senator Wong:** I assume he would if required, but I can take that on notice. As you would remember from being in government, there are reasonable facilities for communication between here and the UK.

**Senator BIRMINGHAM:** What were the budget constraints under which the Defence Strategic Review operated or was prepared?

**Mr Moriarty:** The terms of reference for the review are public, and we can make them available to you, but I'm not aware that the review was thinking about or conceptualising a particular budget envelope. From my conversations with the review leads, I think they were looking fundamentally at a range of their views on optimal capabilities and force disposition. I don't think that they had a particular budget in mind. Again, they were an independent review, but the terms of reference for the review are public.

**Senator BIRMINGHAM:** Have all of the terms of reference been met by the review?

**Mr Moriarty:** The Prime Minister and the defence minister made comments yesterday about their appreciation for the work that the review had done. I haven't yet had the time to peruse the review document in detail, so I couldn't possibly comment.

**Senator BIRMINGHAM:** Mr Moriarty, you received a draft some time back. How many weeks or months ago did you get the first draft?

**Mr Moriarty:** No, I've had the opportunity to engage with the review leads, and I've had some very valuable discussions with them, and the CDF has as well, but we were not involved in the detailed work that they did. They took that role as independent reviewers very seriously, and the department supported them constantly with the material that we provided to them.

**Senator BIRMINGHAM:** Sorry, let me correct that. You received an interim report at some time, didn't you?

**Mr Moriarty:** The Deputy Prime Minister received an interim report. I think we've got the date. Let me check that.

**Senator BIRMINGHAM:** It was in December, wasn't it?

**Mr Moriarty:** I think it was December.

**Senator BIRMINGHAM:** I don't need the precise date.

**Mr Moriarty:** It was 3 November last year.

**Senator BIRMINGHAM:** It was 3 November—there we go. Even earlier. Excellent. Thank you. Had they not been on track to meet the terms of reference, I'm sure you would have advised them in your feedback on the interim report, wouldn't you, Mr Moriarty?

**Mr Moriarty:** I think any guidance of that nature would have been provided by the Deputy Prime Minister and Minister for Defence.

**Senator BIRMINGHAM:** You briefed the Deputy Prime Minister on the contents of the interim report, didn't you?

**Mr Moriarty:** No—

**Senator BIRMINGHAM:** Your department?

**Mr Moriarty:** The CDF and I have engaged with the Deputy Prime Minister and the independent leads, but it's not true to say that I briefed the Deputy Prime Minister on that.

**Senator BIRMINGHAM:** Did the Department of Defence provide any briefings to the Deputy Prime Minister in response to the interim report of the Defence Strategic Review?

**Mr Moriarty:** We have briefed the Deputy Prime Minister on a range of issues related to the Defence Strategic Review, and the Deputy Prime Minister has asked us to cooperate fully with the independent leads, which we have done.

**Senator BIRMINGHAM:** Specifically, in terms of briefings prepared following the provision of the interim findings, did the Department of Defence provide briefings to the Deputy Prime Minister about the implications of the interim findings of the DSR?

**Mr Moriarty:** I'd characterise it as: the CDF and I, and some other senior officers, have had the opportunity to discuss with the Deputy Prime Minister his consideration of those issues.

**Senator BIRMINGHAM:** What was the point of an interim report if your department hasn't even formally briefed the Deputy Prime Minister on the findings of that interim report, on potential options from that interim report and on the direction that might be taken as a result of it?

**Senator Wong:** I think it's this phrase 'formal briefings', isn't it? We appreciate the extent to which the CDF and the secretary have engaged with the DSR. That engagement and the discussions between the secretary, the CDF and the DPM, and the CDF, the secretary and the DSR—I've not received the document yet myself—will ensure, I'm sure, given the calibre of the people involved, that we have a very clear focus on Australia's capability requirements in the DSR. You seem to be envisaging in your head a sequence of this, then formal briefing, then someone goes—there's been a lot of engagement, as there should be. Remember, of course, the DSR is independent.

**Senator BIRMINGHAM:** I fully expect a lot of engagement between the department, the ADF and the DSR, and would anticipate the type of back-and-forward approach that Mr Moriarty has spoken about. But I find it surprising that, with an interim report provided by the DSR in early November last year, Mr Moriarty's response is there were some conversations—

**Senator Wong:** Discussions; he said 'discussions'.

**Senator BIRMINGHAM:** Discussions, conversations—I'm not seeking to be pejorative in either of those terms. Discussions took place between Mr Moriarty and the defence minister—but no formalisation of briefings, options, recommendations. It begs the question of what the intent was behind the provision of an interim report and what purpose it served for the government.

**Senator Wong:** Isn't it what purpose it served for the DSR?

**Mr Moriarty:** I think the Deputy Prime Minister was appreciative of the interim report he received. It shaped his thinking and his interaction with the DSR leads. Following his receipt of that interim report, he's engaged in a number of discussions with the CDF and I. He has tested some ideas. They were confidential discussions. They allowed Mr Marles to develop his thinking and his own interaction with the DSR leads, which has been quite frequent.

**Senator BIRMINGHAM:** Has the government begun preparing its response to the DSR?

**Senator Wong:** We received it yesterday.

**Senator BIRMINGHAM:** You received an interim version of it back in November.

**Senator Wong:** We will consider the review.

**Mr Moriarty:** If I could expand on that in terms of administrative matters: the department has provided people and resources for a secretariat that has supported the review. We're engaged with Mr Marles on how best to take that work forward. The CDF and I will be recommending to Mr Marles that a task force be established to take that work forward. I think it's an enormous agenda, and we need to deliver quickly. 'Business as usual' is not an appropriate response to work of this consequence, so the department will be looking at how best we can resource and appropriately direct that work to get, first of all, the consideration of the report done, to support government decisions. Then, once government has decided what direction it wants to give us, taking into account the recommendations, we'll need to crack on and implement those recommendations endorsed by government.

**Senator BIRMINGHAM:** Thanks, Mr Moriarty. I'll come back to elements of that response. Sir Angus and Professor Smith have done a comprehensive job in this report; that's your view, isn't it?

**Mr Moriarty:** I think they have. Based on the comments of the Prime Minister and the Deputy Prime Minister yesterday, this is a very consequential piece of work.

**Senator BIRMINGHAM:** In a consequential piece of work, with a comprehensive job done, you would expect they have met all the terms of reference?

**Mr Moriarty:** I'm sure—

**Senator BIRMINGHAM:** It's not really a trick question. These are two distinguished fellows appointed by the government to do a very important piece of work. Surely they've met the terms of reference.

**Mr Moriarty:** They've delivered what the government required of them.

**Senator BIRMINGHAM:** And what the government required was to meet the terms of reference.

**Senator Wong:** You say it's not a trick question. I anticipate there will be a subsequent question. I would like to be helpful on the DSR because I think it's a very important step in terms of Australia's capability. Ultimately, the answer about the terms of reference is probably an answer by the independent leads. I'm sure that when decisions are made there will be comment you make about it. I'm not sure Mr Moriarty—he can express confidence, as he has. They're both very distinguished individuals with a great deal of knowledge in this area.

**Senator BIRMINGHAM:** Has the review addressed the term of reference 'the review must outline funding needs to 2032-33 to address longer-term strategic investments are progressed'?

**Senator Wong:** Who was that question to?

**Senator BIRMINGHAM:** You are both free to respond to questions I ask—

**Senator Wong:** Yes, but—

**Senator BIRMINGHAM:** but you've said you haven't even seen it yet, Senator Wong, so the question is clearly to Mr Moriarty.

**Senator Wong:** I haven't as yet, but that is probably a question for the independent leads, who don't appear before the estimates committee. Why don't I take that on notice?

**Senator BIRMINGHAM:** No, it's not a question—sure, if they were here it would be a question for them. Mr Moriarty is here. He has received a copy of the review. The question is a precise one about whether the review has addressed the term of reference requiring the review to 'outline funding needs to 2032-33 to ensure longer-term strategic investments are progressed'.

**Mr Moriarty:** All I can say is I received the report yesterday afternoon. I have not yet had time to analyse it. I will certainly be able to provide advice to the Deputy Prime Minister, appropriately, on my analysis of the review and the department's—

**Senator BIRMINGHAM:** Come on, Mr Moriarty. You didn't take a look as to what the review says about the future Defence budget?

**Mr Moriarty:** I was very focused on preparing for today's estimates.

**Senator BIRMINGHAM:** And I am asking questions at today's estimates about the Defence Strategic Review. I would have thought it would be a pretty obvious line of questioning.

**CHAIR:** Thank you, Senator Birmingham. I have to move the call around. Senator White, you have the call.

**Senator WHITE:** I would like to ask questions about the Australian National Audit Office *Major Projects Report*.

**Gen. Campbell:** Chair, while our colleagues are coming to the table, I may just respond to a question asked by Senator Steele-John. Senator, the number of personnel authorised for deployment on Operation Ochre is seven.

**CHAIR:** Thank you very much, General.

**Senator WHITE:** The ANAO tabled the *2021-22 Major Projects Report* on 9 February. Can Defence explain why data about schedules for four of the 21 major projects could not be published? Also, does Defence acknowledge that this limits the public scrutiny at a time when we need greater scrutiny of defence spending?

**Vice-Adm. Johnston:** The ANAO, of course, was provided all of the information associated with defence projects for the *Major Projects Report*, as the department does to government and our ministers at a classified level. Yes, there were some changes in the detail of information that was provided on a very small number of projects. The reason for that is a reflection of our environment is changing, the detail on some of the changes to sensitive defence capabilities is of value to others and we are moderating carefully that which is made available in a public domain while continuing all of the reporting both to ANAO and to other key stakeholders.

**Senator WHITE:** The ANAO report has also indicated that major projects had a net real decrease in value of \$955.2 million. So almost a billion dollars was underspent than projected. What was the main reason for this?

**Mr Deeble:** That \$950 million, I think, relates to underexpenditure in this financial year. Is that correct, Senator?

**Senator WHITE:** That's what I understand, yes.

**Mr Deeble:** There's a number of factors that affect how much we spend in the year. They relate to the projects and the project movements around schedule, scope and other aspects of that. We're continually looking at how we can better improve our performance with respect to expenditure.

**Senator WHITE:** So, in a nutshell, the main reason for the underspend is due to schedule delays?

**Mr Deeble:** It's not necessarily due to schedule delays; it's just due to the normal movement in programs and projects through their continuum. We're continually assessing and trying to forecast expenditure in any year, and we have to get better at that. That reflects changes in the project schedules and other aspects of projects.

**Senator WHITE:** What are the other aspects?

**Mr Deeble:** It could be the way in which scope is worked. There could be delays in schedule. There could be delays in foreign military sales payments. There are a number of things that are within our control that we need to better forecast and there are a number of factors that we can't control, like FMS programs, where they may have delays in expenditure.

**Senator WHITE:** Sure, but the ANAO report seems to be saying that the major delays are the prime focus. For instance, they highlight—and I'm quoting from the report—that 'later than expected achievement of various milestones' for the combat reconnaissance vehicles, where the expenditure was \$370.1 million compared to \$665.1 million projected in the PBS. They also talked about 'shift in milestones', 'delay in current build performance' for the Offshore Patrol Vehicle, where the expenditure of \$231.4 million was compared with \$366.5 million in the PBS. Then they talked with schedule delays for the Hawkei, which was \$341.1 million compared with \$548.1 million in the PBS. They've highlighted those as the significant reasons. Do you agree that that they are in fact, the reasons?

**Mr Deeble:** Schedule and payments are clearly linked. That is a significant reason, as you've identified.

**Senator WHITE:** What the ANAO are saying kind of reaffirms the widespread concern about major project management, particularly around delays. If we look at the ANAO's assessment of how to manage the recovery programs, it concludes: 'Defence was not able to demonstrate the effectiveness of its regime in managing the recovery of underperforming projects, dating back to audits in 2018-19. The ANAO disagrees that Defence has addressed these.' What further steps is Defence considering to address these concerns?

**Mr Deeble:** In October last year, on 10 October, the Deputy Prime Minister, supported by the Minister for Defence Industry, highlighted six initiatives that we have to put in place. I could step you through those initiatives—

**Senator WHITE:** Yes.

**Mr Deeble:** which are aiming at doing what you've just alluded to.

The first of those initiatives is establishing an independent project and portfolio management office for Defence. That's been established within CASG. We are still formalising that and setting up the organisational strategy, which I hope to have in place before the end of the first quarter of this year. We have had that being in work and supporting reporting to the Minister for Defence Industry since last year. So that IPPMO already has been established using extant resources. We have responsibility within CASG at the portfolio level of doing that reporting for not only CASG; Tony Dalton's area, national shipbuilding, is also in there. We're supporting the Security and Estate Group in the reporting, also the CIO group and more recently DST.

The second part of that equation is providing monthly reports to the Minister for Defence Industry on projects of concern and projects of interest. We've been doing that since November last year and continue to do that on a monthly basis, including reporting on all of the projects that are post second pass.

The third part initiative is actually establishing criteria for raising awareness on issues associated with projects of concern and projects of interest, and, broadly, on project performance. We established some principles last year which were agreed across Defence—and, as I said, those other groups within Defence are working with me in that reporting—and we'll have formalised policy in place by the end of this month as it relates to that. So that work is ongoing, and that is aiming at strengthening early indications of warning on programs that have significant issues associated with them.

The fourth aspect of that is now creating the culture for Defence more broadly in terms of raising those issues early, identifying them and putting in remediation action. That will take some time, but we're already seeing that those earlier actions I have just talked about, the previous three activities, are creating a change in culture of providing us now with greater early indications of warning and providing that to the Minister for Defence Industry.

The fifth of the initiatives is associated with providing additional resources for supporting those projects that have problems. We currently do that by using our external members. They're part of our independent assurance review. They represent expertise from across industry, academia and other areas that we can apply to help projects, to understand the issues with them and how they get resolved, and part and parcel of that is getting remediation plans in place. Those remediation plans will identify additional resources that may be required, and then I look at that in terms of helping those projects with the required additional resources so they can implement their remediation plans.

The sixth of the initiatives that we are working on with the Minister for Defence Industry relates to the conduct of project-of-concern summits. We held one of those in early December last year for the CMATS program, the Civil Military Air Traffic Management System. The second of those summits will be held in early March, continuing that. My role—I'm new to the dep sec CASG role—is strengthening project management. Clearly, our performance is an issue, as is improving that performance, given that we're handling some very, very complex programs. It's worthy to note that 10 years ago, when I was in the DMO and CASG environment, we had 11 ACAT 1 programs—that is, Acquisition Category 1, the most complex of programs. Today we have 28, so our performance, moving forward, is going to be critical. I'm focusing on that, as the dep sec CASG.

**Senator WHITE:** I guess what you've described is similar to what many private industry big projects would have, so it's surprising it's taken such a long time to get to that point. But thank you for that comprehensive answer. Can Defence confirm, from June 2022, how many project and sustainment reports on the major projects were published?

**Mr Deeble :** I would have to take that on notice.

**Senator WHITE:** The projects and sustainment report was only an interim report. Is that right?

**Mr Deeble :** We're looking at the whole reporting regime. Part of the work that we're doing with the Minister for Defence Industry is looking at how to best report, whether that's done on a monthly basis for all projects, or whether we provide an aggregate quarterly report. To date, we have been reporting on a monthly basis on all post-second pass projects.

**Senator WHITE:** Is that because of the difficulties that were highlighted by the ANAO—the underspends and the time drifts et cetera? Is that the reason you're doing it more frequently?

**Mr Deeble :** Yes. It was raised by both DPM and the Minister for Defence Industry in that announcement in October last year.

**Senator WHITE:** Just in relation to the project and sustainment report, was this replaced by the acquisition sustainment update in late 2021? Am I understanding that correctly, or have I missed something?

**Mr Deeble :** I will take that on notice and I'll be able to give you the chronology of the various reporting regimes.

**Senator WHITE:** Also, just on that, the ANAO assesses this update—that is, the acquisition and sustainment update. It has significantly less detail than the earlier quarterly performance reports. Is that a fair description?

**Mr Deeble :** I'd like to introduce Mr Ciril Karo. He can provide a little bit more detail.

**Mr Karo:** Historically, we had a bunch of reporting products that were to the minister, to the internal committees. You said 'publicly', earlier on. They were not public reports. They were FOI-ed and became public.

**Senator WHITE:** Okay.

**Mr Karo:** The QPR, the quarterly performance report, was probably five years of reporting, up until about 2021. That was an internally generated report. Analysts in my team would produce the key insights for the leadership, particularly the investment committee. We occasionally sent that to the ministers.

With the acquisition sustainment update, what we were trying to do was get more insight. These can get quite thick, particularly when you're looking at over a hundred projects. We were trying to sharpen it up, get to things that people needed to act on. We've moved through a couple of iterations of that. Where we're sitting now, with the monthly report, is we're actually doing a dump from all of our reporting systems because we want our bottom-up system to work better. Everyone down in project land puts their system data in, we're drawing that out and using that as a reporting product. It's not quite there yet, in an analytical sense, but we're still trying to provide some value-adds and insights on top.

**Senator WHITE:** How many reports have been produced in total? There's quarterly, sort of monthly, or not monthly.

**Mr Karo:** Quarterlies were quarterlies, four a year. Regarding the acquisition sustainment update, I would have to give you an on-notice answer for exactly how many were produced, but we went through a couple of iterations of those. We also know that the layers here are really important. We have the public layers, so the MPR is a really important public layer. The annual report is a really important public layer. The ANAO project performance reports are a very important public layer. What we're trying to do is make sure that we get the insights, internal to the department, to act, but keep an appropriate layer of external reporting as well. The monthlies since October have been going to the ministers. We're finding that frequency a little bit draining, so we do have to get the right balance on how often we need to keep the updates to the ministers and the department versus the analytical effort to actually get the insights.

**CHAIR:** Thank you very much for that response. Senator Birmingham.

**Senator BIRMINGHAM:** Minister, will the government meet the funding needs outlined in the *Defence strategic review*?

**Senator Wong:** The government's already made clear that it intends to ensure that we fund Defence and defence capability in accordance with the needs of the nation and has indicated that that will result in Defence budgets of two per cent or above.

**Senator BIRMINGHAM:** And that's a commitment of the government that those budgets will be two per cent or above. Indeed, the Prime Minister has said before that it would need to go beyond the two per cent benchmark. Is that a commitment of the government?

**Senator Wong:** We will ensure Defence has the capability to keep the nation safe and we will ensure that the very considerable amounts of investment that the Australian people make in the ADF and associated capability will result in capability that deters.

**Senator BIRMINGHAM:** Will the funding needs, as identified in the *Defence strategic review*, be made public?

**Senator Wong:** The government will consider the DSR, and there will be consideration of contents, decisions and what will be released publicly.

**Senator BIRMINGHAM:** I'm asking specifically about the funding needs as they've been identified. I understand there will be a range of capability assessments that have national security implications, but, for transparency and accountability as to the scope of the government's response to the DSR, will it release details around the recommendations on those funding needs?

**CHAIR:** Senator Birmingham, I think Minister Wong was trying to answer your initial question.

**Senator Wong:** I refer to my previous answer. You're asking me, so you're trying to build an edifice of an argument on the basis of the terms of reference, and then you're making an assumption about the nature of how that's been addressed in the report. Then you're asking me to make a political commitment about a report that, as yet, the government hasn't considered. Please understand if I am not prepared to do that, but I would again say that the test of a government on national security is whether it makes the best decisions possible to deliver the capability the nation needs in order to keep Australians safe. Now, we intend to do that. We are applying ourselves diligently to that task. It was, frankly, made more difficult—and I don't wish to play a lot of politics with this—by a period in Defence where the previous government were very focused on announcement and politics but not capability, but we are determined to deal with that. The DSR is a key part of ensuring that we meet that task.

**Senator BIRMINGHAM:** I don't want to play politics either, but the recommendations of the DSR would be impossible to consider if it weren't for the restoration of the Defence budget undertaken by the previous government.

**Senator Wong:** Okay. I think—

**Senator BIRMINGHAM:** Secretary or Minister, did Sir Angus and Professor Smith prepare a version of the DSR or approve a version of the DSR for eventual public release?

**Mr Moriarty:** The DSR that I received yesterday is a classified document.

**Senator BIRMINGHAM:** So they have provided only one version of the DSR: the classified version. What will be publicly released?

**Senator Wong:** I refer to my earlier answer.

**Senator BIRMINGHAM:** What commitments is the government willing to give about public release and transparency around the findings of the DSR?

**Senator Wong:** My commitment is to make the best decisions possible and to explain those to the Australian people and seek, importantly, not just to announce but to deliver. You asked me earlier, and I said that the government will consider the DSR and we will consider all aspects of it, obviously, capability being the central issue, but we will also consider how decisions associated with the DSR are explained to the Australian people.

**Senator BIRMINGHAM:** Is the government willing to give any commitment around the release of the findings of Sir Angus and Professor Smith, not just the government's response to those findings?

**Senator Wong:** That's part of the consideration that I've referred to.

**Senator BIRMINGHAM:** So you're not willing to give any commitment at this stage?

**Senator Wong:** I'm not willing to say yes or no. I'm saying it's a classified document. We'll consider it.

**Senator BIRMINGHAM:** I understand it's a classified document, and it will clearly be in the government's hands to determine how and what elements of that classified document are released, if any. I'm seeking to get some understanding or assurance from the government that we won't just find out the government's response to it and there will be some transparency in what those findings were. It is a very important piece of work for the nation and a very important piece of work for the government, and it is therefore important that there is some transparency about the findings of Sir Angus and Professor Smith.

**Senator Wong:** I'm sure that the defence minister and cabinet more broadly will ensure that that is part of the consideration.

**Senator BIRMINGHAM:** Mr Moriarty, has the department been asked to begin work on preparing a version of the DSR for public release?

**Senator Wong:** Since five o'clock last night.

**Mr Moriarty:** We will provide advice to government on the contents of the report and how we might propose to implement its consideration of that. We will provide, should the government require it, a version of the report that can be made public. I am sure that the government may wish to further involve the co-leads in that work. That's a matter for government.

**Senator BIRMINGHAM:** Will the government provide a comprehensive response to the DSR?

**Mr Moriarty:** The department will provide comprehensive analysis of the independent lead's report, and then we will support the government in its consideration of the DSR report.

**Senator BIRMINGHAM:** Can Australians expect at some point the government to provide, in a comprehensive way, its response to the *Defence strategic review*, or will it simply result in a series of announcements by government?

**Senator Wong:** I don't think it's binary. You are positing, I think, in your head an annotated DSR that says 'every government response' or 'just announcements'. I think the government will consider the DSR and it will provide—it will consider what decisions need to be made as a consequence of that and the government's response, which will include consideration of the issues you have raised.

**Senator BIRMINGHAM:** What commitment is the government making around the time line of its response to the DSR?

**Mr Moriarty:** The Deputy Prime Minister has said previously that he hoped that the government would be able to say something about the DSR and taking it forward by the budget.

**CHAIR:** Before I hand over to Senator Steele-John, Senator Lambie had one follow-up question.

**Senator LAMBIE:** I am wondering if the members of the FADT committee could have an opportunity to do what we've done in the past: to go into the secret room if they want to review that document. That's worked very well in the past. No matter what sort of document it was, we could review that document and then come back later to that secret room if we had any questions. I would think that that would eliminate any doubt in here. I was wondering if we would be able to have that opportunity in the future.

**Senator Wong:** That's a question about whether the government will allow this committee to look at the classified document?

**Senator LAMBIE:** Yes. I'll just leave that with you.

**Senator Wong:** I'll take that on notice. We received it yesterday. I've no doubt at the appropriate time there'll be briefings of the opposition and the committee in relation to the government's response. I understand the Deputy Prime Minister indicated yesterday the government will take some weeks to consider the review before we announce a non-classified version of it along with our response to it, so he did say that yesterday.

**Senator STEELE-JOHN:** In relation to an answer that you provided from a question on notice in November, you provided me with a list of former United States Navy officials currently providing advice to the department. In relation to that response, I wonder if you could clarify the role of US Admiral John Richardson as referred to in the QON from that previous estimates session?

**Vice Adm. Mead:** Admiral John Richardson has been providing specific advice to the task force on matters such as stewardship—that is, how to safely and securely manage nuclear technology—training of naval personnel for the nuclear program, specific governance arrangements and how we would set ourselves up, what types of structures we would develop, interfaces into the US and UK systems and training programs where we could work with the Royal Australian Navy, the US Navy and the Royal Navy, amongst other things.

**Senator STEELE-JOHN:** Beyond that provision-of-advice role, does the former admiral have any other roles with the department?

**Vice Adm. Mead:** If you're talking about the Department of Defence, not that I'm aware of—not in a formal, contractual sense. He has obviously established many strong relationships with Navy people in Australia, and they would make contact, I assume, but not in a formal sense.

**Mr Moriarty:** I'm not aware of any other contractual arrangements, Senator.

**Senator STEELE-JOHN:** Could you take that on notice and just provide us a clear answer?

**Mr Moriarty:** Certainly.

**Senator STEELE-JOHN:** When was the admiral hired by Department of Defence to take on this advice role?

**Vice Adm. Mead:** Quarter 3 last year, but I can get the exact dates for you.

**Senator STEELE-JOHN:** Yes, if you could take that on notice or provide them by the end of the session, that'd be really good. Prior to being employed by Australia, what was the admiral's role in the United States?

**Vice Adm. Mead:** He was retired from his work in the US Navy, and I understand he was serving on a number of board positions with some US companies.

**Senator STEELE-JOHN:** Do you know which US companies he was serving on the board of?

**Vice Adm. Mead:** We did have a list of that. We sought legal advice on Admiral Richardson. We got him to fill in probity forms and non-disclosure agreements as well, and we've been very careful to make sure his advice is very specific to the questions that remain within the guidelines.

**Senator STEELE-JOHN:** Can you provide us with the list of boards that Admiral Richardson was on prior to his commencement with the department?

**Vice Adm. Mead:** We'll seek to do that, Senator.

**Senator STEELE-JOHN:** It's my understanding that the admiral was Chief of Naval Operations in the United States from 2015 until 2019. That'd be the highest ranking position in the US Navy. Can you confirm this?

**Vice Adm. Mead:** That's correct, Senator.

**Senator STEELE-JOHN:** Prior to this he was the director of naval propulsion, meaning he oversaw basically everything nuclear related within the US Navy. Can you confirm that was his role?

**Vice Adm. Mead:** That's correct, Senator.

**Senator STEELE-JOHN:** Was the admiral paid through a consulting firm as part of his employment with the department?

**Vice Adm. Mead:** He was paid via a company which he had set up himself.

**Senator STEELE-JOHN:** Which company was that?

**Vice Adm. Mead:** I would have to get back to you on that, Senator.

**Senator STEELE-JOHN:** He is currently still an employee of the Department of Defence; is that right?

**Vice Adm. Mead:** We have him on a contract not to exceed a number of days per year. We have not employed him in 2023. This calendar year he has not been on service.

**Senator STEELE-JOHN:** So is it part time or full time?

**Vice Adm. Mead:** Very much part time. When we have specific tasks, questions or complex problems which come our way that we don't have the subject matter expertise for, we reach in for his assistance.

**Senator STEELE-JOHN:** Is it like a number of days he's contracted for?

**Vice Adm. Mead:** Correct. I think it's not to exceed a hundred days over a two to three-year period, but I can get those details for you.

**Senator STEELE-JOHN:** Not to exceed a hundred days over a two-year period?

**Vice Adm. Mead:** It's akin to that, but I can get you the details.

**Senator STEELE-JOHN:** In the answers you provided on notice in relation to Rear Admiral Thomas Eccles, Vice Admiral William Hilarides and Admiral Kirkland Donald, the combined total of the payments made to those three individuals was some \$5.3 million. Can you confirm that was the answer you gave to us?

**Mr Dalton:** The response we gave you in that question on notice is the maximum amount they could be paid if they worked all of the days they were allowed to work under their contract, so their individual payments will be a total less than that sum.

**Senator STEELE-JOHN:** How much have they been paid to this point?

**Mr Dalton:** I'll take that on notice, Senator.

**Senator STEELE-JOHN:** In that context, then, I'm very keen to know how much Admiral Richardson has been paid by the department to this point. What is the value of his contract—those 100 days over two years?

**Vice Adm. Mead:** I'll take that on notice, Senator.

**Senator STEELE-JOHN:** And what's the duration of the contract that former Admiral Richardson is under?

**Vice Adm. Mead:** I believe it's approximately two to three years, but I'll take that on notice.

**Senator STEELE-JOHN:** Given it is a structure to exceed no more than a certain period of time over a certain number of days, if you break it down, how much are we paying these individuals per hour for their advice?

**Vice Adm. Mead:** I'd have to take that on notice, Senator.

**Senator STEELE-JOHN:** For the three admirals you've provided us information on so far—so, Kirkland Donald, Rear Admiral Eccles and Vice Admiral Hilarides—if you can provide us how many days they've worked and the pay they have been given, that would be good, and the same for Admiral Richardson, please. In addition to that, could you provide us with how many hours average over the course of a week they've been consulted since taking the contract? I want to know, since they took the contract, on average, per week, what the rate of consultation has been.

**Vice Adm. Mead:** Yes, Senator.

**Senator STEELE-JOHN:** That'll do on those. I just want one last question in relation to announcements that've been made in relation to the presence of B-52s in Australia. I'm seeking on behalf of the community to get a firm commitment from the government that the B-52s cycling through Australia will be solely conventionally capable, not nuclear capable.

**Mr Moriarty:** If I could, those increased rotations of US assets which have been agreed by the government and discussed at AUKMIN last year in Washington include a range of different aircraft types and other assets. We'll be increasing the rotations of those forces through Australia in years to come, and we can closely, with our partners—

**Senator STEELE-JOHN:** I'm conscious of time, so I'll ask you again. Is your government able to provide us, and the community more broadly, with a clear answer: Will the B-52s be conventionally capable? Or will they be nuclear capable?

**Senator Wong:** Senator Steele-John, I wonder if you could allow me to come back after the break, because I want to give a careful answer on that and an answer that gives you enough—what's the word?—assurance—

**Senator STEELE-JOHN:** Well, if you can't say clearly one way or another, I'll take it as nuclear capable.

**Senator Wong:** That is so—really, I'm trying to be courteous. I know you want your social media grab. These are not—

**Senator STEELE-JOHN:** It's very easy to say, 'They are not nuclear capable.'

**Senator Wong:** These are not. These are the US capability—

**Senator STEELE-JOHN:** Yes, which will allow them to be—

**CHAIR:** Senator Steele-John, please let the minister finish answering your question.

**Senator Wong:** Yes, please don't interrupt me when I'm trying to be helpful. I know you want a social media grab—

**Senator STEELE-JOHN:** I want a clear answer—

**Senator Wong:** And I'm—

**Senator STEELE-JOHN:** as to whether a nuclear capable bomber—

**Senator Wong:** Wow.

**CHAIR:** Order! Senator Steele-John—

**Senator STEELE-JOHN:** will be present on our soil. That's the answer that I want from the government—and the community want it to.

**Senator Wong:** Are you finished?

**CHAIR:** Minister, please continue.

**Senator Wong:** Notwithstanding that outburst, I'd like to provide the senator with an answer. We're talking about rotational forces under an agreement with another government, so I would like to provide an answer after I've had an opportunity to consult. So, I'm simply asking for that.

**CHAIR:** Okay. Thank you. I have some questions with respect to the security cameras, given the bit of media attention that we've had of late. I think they were manufactured by Hikvision and Dahua on the defence estates. When did Defence first become aware of security concerns relating to these security cameras?

**Ms Perkins:** Back in 2018 we were made aware of some issues around the cameras and equipment you refer to, and some advice was issued across government on proceeding with caution and considering use of those cameras and equipment.

**CHAIR:** So, it is right that Defence responded to questions from the ABC back then?

**Ms Perkins:** That's correct.

**CHAIR:** What advice were these concerns based on?

**Ms Perkins:** As we understand, at the time advice was provided through the intelligence community around devices with certain capabilities manufactured in certain companies that are in use across government—we would have to go back to the specific 2018 advice—that we should proceed with caution.

**CHAIR:** Was that advice also based on the fact that the US had banned these cameras on their government sites as well?

**Ms Perkins:** I would need to check as to whether 'ban' is the correct term. Certainly the way we proceeded in 2018 was undertaking security and cyber risk assessments.

**CHAIR:** Well, did Defence seek to determine how many of these systems were installed at Defence sites?

**Ms Perkins:** Yes, we did. We issued advice across Defence to review our systems and, where those systems may have been found, to assess them and, where a security risk or potential risk might exist, to consider removing them.

**CHAIR:** How many systems were identified?

**Ms Perkins:** Back in 2018 we removed a number of systems. I don't have a precise number for you. You may be aware that the Deputy Prime Minister has directed that Defence undertake a physical audit of the estate to ensure that they have now all been removed, but in 2018 we commenced the process of removing systems.

**CHAIR:** I don't know if you can take this on notice, but I would like to know how many systems were identified if possible.

**Ms Perkins:** Yes.

**CHAIR:** How many cameras were in each of those systems, and across how many Defence sites were those systems and cameras located?

**Ms Perkins:** A way I propose we do that for you—and I can answer now, rather than taking on notice—is not in 2018, because that is five years ago and subject to the passage of time and difficult COVID years. What I'm happy to share now is that, following some updating advice and guidance in the United States and United Kingdom and media reporting on that late last year, we undertook a refresh of our review of the estate through November and December and we identified 41 systems on 17 sites. About half of those had been decommissioned in the work that we commenced in 2018, so they were no longer operational—plugged in. We have been working through December and January to make sure that we have decommissioned and removed those remaining systems.

**CHAIR:** Are you still able to take on notice those specific questions I had?

**Ms Perkins:** Certainly.

**CHAIR:** Alright. The other line of questioning I had was whether you were able to advise which Defence sites these cameras were installed in at the time.

**Ms Perkins:** As a general principle when we talk about the security of sites, I'm reluctant to speak to specific arrangements. We have a detailed knowledge of where they were, but I would want to work with my security experts before we publicly release detail of those sites.

**CHAIR:** But these cameras now have been removed, haven't they?

**Ms Perkins:** They have been, yes.

**CHAIR:** I understand the DPM, through media reports, said there probably shouldn't be any issues revealing where they were, because they're no longer a security threat, given that they've been removed. If you are able to take it on notice and come back, I would appreciate that.

**Ms Perkins:** Certainly.

**CHAIR:** Back then, was it the case then that the minister under the former government—was it Minister Dutton—had oversight of the issue? Which minister was it?

**Ms Perkins:** I've shown myself as a hopeless public servant in that I couldn't—

**Senator Wong:** It's alright. There were so many that it's hard to remember which one it was! Even Claire Chandler laughed at that!

**CHAIR:** I'm becoming aware of these concerns though. Did Defence provide any advice to whomever the minister was back then?

**Ms Perkins:** We would need to go and check. I remember the issue actively. I remember the work underway. I remember the responses to media at the time, and, as we've had another look at the estate, I am aware that a significant body of work was undertaken.

**CHAIR:** And was it passed on to the minister or his office?

**Ms Perkins:** Not necessarily. Let us check that for you.

**CHAIR:** Okay. If you check it—I don't know if you are able to do it today?

**Mr Moriarty:** Yes.

**CHAIR:** Thank you, Secretary. I would also like to know if the minister or his office at the time directed you to take any action to address these issues too. I take a nodding as a yes?

**Mr Moriarty:** We'll see what we can find.

**CHAIR:** Thank you. On 21 September 2021, the Signals Directorate published a critical vulnerability exploit advisory that read:

A critical vulnerability exists in Hikvision products, including IP cameras, which could allow a cyber actor to take full control of the device.

Were you aware of this critical vulnerability exploit and the advisory notice that was issued by a ACSC?

**Ms Perkins:** As I mentioned when we were speaking earlier, I was not in a role that handled these responsibilities in 2021, but we receive all of ACSC's reports, so I feel confident we were aware of it.

**CHAIR:** Are you able to follow that up for me, please?

**Ms Perkins:** Some context is probably quite useful, too. Part of the work that we've been undertaking, and certainly undertook in 2018 as I refer to, was security and cyber-risk assessments of equipment. Equipment can be quite difficult. This is a very broad suite of material from a manufacturer that is ubiquitous around the world. What is important to stress to the committee about the installation of closed-circuit TV systems in Defence is that we would 'air-gap' them, as we would call it, in that they're not internet connected and not connected to the

Defence IT networks. We looked at the security risks around them—when we did this work in 2018—and we have looked at the few systems remaining, and I would stress that about half of the 41 or about 20, in an estate that has 30,000 built structures is, I think, a very low number. Whatever security vulnerabilities might apply to certain equipment, it's hard to draw a bow that in air-gapped, non-internet-connected, non-system-connected systems were necessarily experiencing a risk.

**CHAIR:** Well, if you can come back to me, as the secretary agreed to, about the number back in 2018 that would be great in terms of the number of cameras. I am also interested to know how many cameras were installed at the defence sites as at September 2021.

**Ms Perkins:** Would you like us to separate that between cameras versus cameras with the particular security flaw that ACSC might have referred to?

**CHAIR:** Yes, please. Back in September 2021, did you receive any direction from the then minister to remove these cameras?

**Ms Pearce:** As I said, I wasn't in the role. So we will check.

**CHAIR:** Secretary, are you able to assist?

**Mr Moriarty:** We'll check.

**CHAIR:** Thank you very much.

**Senator CHANDLER:** Chair, can I just ask a follow-up question on that quickly?

**CHAIR:** Sure. I will just go to Minister Wong first, if that's okay.

**Senator CHANDLER:** Yes.

**Senator Wong:** I just wanted to indicate, as a matter of courtesy, that I've been called to a meeting. I've asked Senator McAllister to represent after the break for a short period and I'll return as soon as possible.

**CHAIR:** Thank you, Minister.

**Senator VAN:** That's a shame!

**CHAIR:** Did you want to withdraw that comment, please, Senator Van?

**Senator VAN:** What comment? I was just speaking about something on my phone.

**CHAIR:** If you could assist the chair—please withdraw.

**Senator VAN:** I was just speaking about something on my phone.

**CHAIR:** If you could please withdraw that comment that would assist.

**Senator VAN:** If you would like me to withdraw what I said to my phone, certainly.

**CHAIR:** Thank you. Senator Chandler, you have the call and then we will break.

**Senator CHANDLER:** My quick follow-up is on the topic of the cameras. So the Department of Defence started reviewing the use of those cameras in November-December last year. That was your evidence previously. What triggered that review? Was it the information from the United States?

**Ms Pearce:** Yes, there was meeting reporting on information from the United States and the United Kingdom. We took a question on notice from the last hearing of this committee.

**Senator CHANDLER:** Yes. So there wasn't a whole-of-government advice around the use of these cameras that triggered your review; you did so proactively?

**Ms Pearce:** Correct.

**Senator CHANDLER:** Okay. I was just asking a few other departments earlier in the week how they had initiated the process. When something like this happens, would it be ordinary for Defence to say to other agencies that might have these cameras in place, 'You should be considering their use as well'?

**Ms Pearce:** In the framework of security policy in the Commonwealth, the Attorney-General's Department is the lead on security policy, and technical advice comes from elements of the intelligence community. So, as the chair said, the ASCS, ASD and ASIO would be the key places where we would get technical security threat and risk advice.

**Senator CHANDLER:** Thank you.

**CHAIR:** Thank you. Senator. On that note, we will break.

**Proceedings suspended from 11:03 to 11:23**

**CHAIR:** We'll commence after that break and also welcome Senator McAllister representing the minister.

**Senator LAMBIE:** I just have one question to follow up on cameras. Could you please confirm whether or not they were purchased initially from Australian suppliers?

**Mr Moriarty:** I'm sure we'll have to take that on notice, but I will get that answer. If we can get it today I will seek to do that.

**Senator VAN:** Secretary, or CDF, can you tell me where, in your view, does the DSR sit in the pantheon of Defence strategic documents? Is it the same as a strategic update or a white paper? Do they sit equally?

**Mr Moriarty:** The Prime Minister has described the DSR as an incredibly significant document. Deputy Prime Minister Marles has said it's the most consequential analysis, I think, since the Dibb review and that very important white paper that was commissioned by then defence minister Beazley. So it is a very consequential piece of work and I think appropriate, given the circumstances that we find ourselves in. The Prime Minister, when he announced the review last year with Deputy Prime Minister Marles, said that our circumstances are changing quite significantly and it's time for a fundamental look at the entire force structure and the force posture of the ADF. I'm very confident that the DSR leads have tackled that work with due regard to the context.

**Senator VAN:** I'm sure they've attacked it with gusto as well. But it was a roughly six-month piece of work versus the 2020 DSU, which was about 12 months, and defence white papers, which tend to go at least two years. So you wouldn't put them in the same weighting, would you?

**Mr Moriarty:** A white paper also does a fundamental recut of the investment program going out a decade. The terms of reference for the DSR suggest to me that what they were after was more fundamental strategic judgements about force structure rather than, with the white paper, that very detailed analysis of hundreds of programs over years.

**Senator VAN:** Can you then tell me how that piece of work was divided by the leads? What's strategic and what's tactical?

**Mr Moriarty:** I think that's really a question for the leads in terms of the methodology that they have taken. The department has provided every support to the leads and every request for information has been met. But it's an independent review, and they have approached it through their own strategic lens, given the depth of experience and the very significant experience that they bring to this task.

**Senator VAN:** That leads me to a point that I almost forgot. Senator Birmingham was asking about what the public get to see et cetera. Given that this is one of the few and limited forms of parliamentary oversight of Defence, will the Defence Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade be given an unclassified briefing on the review?

**Mr Moriarty:** As Senator Wong said, there will be some unclassified material made available. Senator Wong also said that she would take on notice how the government might consider providing more confidential briefings to the opposition and particular members of parliament. I wouldn't want to suggest how the government might take those things forward. That will be a matter for government.

**Senator VAN:** Would you agree with me that, given the significance this government is putting towards this piece of work, that it deserves parliamentary oversight?

**Mr Moriarty:** The Prime Minister's described it as a very important piece of work. Minister Marles has also talked about the importance of engaging with the Australian public when the decisions that are being made by government in this area are of such consequence. Given the sums of money involved, it's very important to provide assurance to the Australian taxpayer that the government is focused on the most effective defence of Australia that it can get.

**Senator VAN:** But you would agree that we don't currently have a body within parliament that's capable of doing that?

**Mr Moriarty:** That's a matter for government. Of course the government does provide briefings at various levels of classification to parliament in different circumstances. And I know that sometimes that involves committees, sometimes it involves briefing relevant shadows from the opposition and at other times it involves other key stakeholders, but it's really a matter for government to decide that.

**Senator VAN:** But you would acknowledge that the use of classified or unclassified briefings is one way in which the government hides some of what it does in this space—

**Senator McAllister:** Senator Van, excuse me—

**Senator VAN:** I'll just finish my question, if I may, Minister—especially if you compare it to what happens in PJCS.

**Senator McAllister:** Of course, the standing orders do allow Senator Van to ask the Secretary to describe the policies of the government or explain the policies of the government. At this point, I think we are straying into asking the Secretary for matters of opinion.

**CHAIR:** Yes, and I do draw attention to my opening statement at the commencement of the hearing, in which I said that officers cannot be asked for matters of opinion. Do you want to rephrase that question, Senator Van?

**Senator VAN:** No. I'll move on. I will put some others on notice. Mr Secretary, this was called a defence strategic review. Can you describe what was strategic about it and was left in it and what were the things that were left out of it?

**Mr Moriarty:** Again, I've referred previously today to the terms of reference, which are public.

**Senator VAN:** Yes. I've read them.

**Mr Moriarty:** I think that they very clearly tackle what I would regard as very fundamental strategic judgements about Australia, its place in the world and how Defence can best contribute to national security, and, then, issues about the best force structure disposition and readiness of the ADF. There's always a quibble about what is a strategic issue, what's an operational issue and what's a tactical issue. I think the terms of reference are very clearly focused at the strategic level.

**Senator VAN:** I did refresh myself on them this morning, and I think they're pretty loose, given my history with royal commissions that I've seen before. Let's look at what was included in the DSR and then what was specifically not included. At the last estimates, there were questions to you and Senator Wong around LAN 400 phase 3 Bravo. You said that was now completely out. We had to get to estimates to get that announced. Yet, in the meantime, between those estimates and now, there has been a slew of announcements, which seemingly would remove these projects from being strategic and, therefore, under review. I can list them, and I might have these numbers wrong: \$2.8 billion for Black Hawk helicopters; \$1 billion for HIMARS; \$1 billion for sea mines; nearly \$300 million for upgrading the Growlers; \$100 million on F-35 depot maintenance; \$1.96 billion on comms upgrades; \$2.7 billion for CEA radars; and the Kongsberg NASAMS, which I don't have the number for. A lot of those things would have to be described as strategic decisions, I think you would have to agree, would you not?

**Mr Moriarty:** They're capability announcements made by the government at a time that the government felt was appropriate.

**Senator VAN:** So there was this defence review, which loosely included some strategic things to be reviewed and other things that were maybe just on the government's shopping list and could just be pushed out, regardless of the findings of the review. It seems to me—Minister, you might want to take this on—that there was this opinion within government: 'We don't need to follow the review to come up with all the answers. We know a lot of the answers, and we'll just announce them as and when we need to, rather than waiting for the review and putting out a formal response.' Is that a fair summation of what has happened?

**Senator McAllister:** I think you'll be unsurprised to find that I do not think that that is a fair summation of what has happened.

**Senator VAN:** You've got over \$10 billion worth of spending announced that's removed from the review. It seems like a case of: 'We will pick the time and place to tell our story. The DSR be damned.' Yet important projects like Land 400, Land 129 and others have been hidden away, doing great damage to the SME ecosystem that supports them. They have been hidden by this DSR and are still being hidden, and the industry has absolutely no visibility on when they can go forward with investment decisions.

**Senator McAllister:** There are a great many assumptions embedded in that statement that you just presented.

**Senator VAN:** I'm keen to hear you clarify them.

**Senator McAllister:** I'm not sure that there is a question in the proposition you've just put forward. I could ask Mr Moriarty to talk through some of the specific acquisition programs that you're referring to, but I think the broader point is this: there were a number of significant and systemic issues that needed urgent attention. The government needed to deal with those. That shouldn't prevent us from seeking strategic advice, and that was the purpose of the strategic review, which has now been provided to government.

**Senator VAN:** It seems that the government chose what was tactical and what was strategic. I would argue, according to Mr Moriarty's answer earlier, that NASAMS is definitely a strategic capability, yet that's already been announced. I would also argue that IFVs, as part of our combined armed fighting capability, are strategic, yet they've been left to wither on the vine until perhaps some time in the future when the government might make an announcement.

**Mr Moriarty:** All of the significant capability decisions that have been announced by government during the time of the review have been made visible to the DSR leads. They have visibility on the government's announcements.

**Senator VAN:** But they don't have any 'go' decision on whether they are announced or not. It wasn't under their authority to say, 'Yes, that's okay to announce. It doesn't affect our strategic review.'

**Mr Moriarty:** I'm suggesting that they had an opportunity, I think, to express a view, but it remains the government's decision when and how it makes capability announcements.

**Senator VAN:** But it seems to me and the general public that these decisions are quite arbitrary. If you're doing a strategic review, you do a strategic review and you look at all your strategic capability under that. You don't just go, 'Oh well, that can go off. That can go off.' I think there has been a breakdown in responsibility and credibility in the review because these things have just been thrown out of the cot willy-nilly, when everything else has been locked up by this DSR. It doesn't seem strategic to me at all—how this government has gone about this review and the announcements that it has made while the review is going on. It's nonsensical.

**CHAIR:** Just for clarity, Senator, what's the question that you're putting to the secretary or the minister?

**Senator VAN:** I believe I put it, and I'll cede the call. Thank you, Chair.

**CHAIR:** I'll hand over the call to Senator Lambie, who's been waiting very patiently this morning.

**Senator LAMBIE:** Thank you, Chair. I want to speak about submarines. Everyone keeps talking about the shortened warning times. In the *2020 Defence strategic update*, Defence said:

Reduced warning times mean defence plans can no longer assume Australia will have time to gradually adjust military capability and preparedness in response to emerging challenges.

In the opening statement this morning, Secretary, you reinforced that. So what is the strategic situation? What is the warning time? What are your expectations of that?

**Mr Moriarty:** The government has, through its statement, said that we're in a complex strategic environment. Strategic competition in the Indo-Pacific is increasing. We're in a contested region where military modernisation is occurring from a number of countries; in particular, the PLA has embarked on a very substantial expansion and military modernisation program, which, again, has not been as transparent as we might hope. A number of countries are feeling coercion. Tensions have increased in the South China Sea in relation to the Taiwan Strait, but also North Korea continues a very destabilising missile-testing regime which challenges and, I think, threatens a number of countries in the region. In particular our partner Japan feels very anxious about North Korea's programs. So the circumstances are quite stark.

The government has committed to doing what it can to stabilise the region and to grow the capabilities of the ADF to make an effective contribution to that, working with allies and partners, but also to be able to develop capabilities to independently defend Australia should the circumstances require it. The government has said that it accepts that we can no longer accept the fundamental underpinning assumption of Australian defence planning for many decades, which is that we would have at least a decade, or 10 years, warning time for any significant conflict that might involve Australia. The government has said that that no longer is a satisfactory or appropriate basis for defence planning. So we are assuming that significant conflict might break out in the Indo-Pacific with less warning time than that.

**Senator LAMBIE:** What does that look like then? So you've planned for that in the new white paper, have you, through your strategics?

**Mr Moriarty:** Well, there's not a—

**Senator LAMBIE:** We gathered you were going to say 10 years. We don't believe it will be 10 years and we're wondering how you're going to fill that gap, pretty much. I guess that comes down to the white paper.

**Mr Moriarty:** The government have made very clear that their strategic review will not be a white paper.

**Senator LAMBIE:** Sorry.

**Mr Moriarty:** I can say that the CDF and the ADF are involved in look at a range of contingencies, including very short-term contingencies and then those that might develop over time. The ADF and the strategic planners look at that range of challenges, from challenges that might come with very short notice to larger, more consequential potential contingencies for which we would hope to get more warning time.

**Senator LAMBIE:** Do you intend to share those contingencies, what they look like, with the public?

**Mr Moriarty:** No. The contingency plans that the ADF prepare are highly classified contingency plans, but our ministers do articulate the challenges that we face in the region. I think Mr Marles and the Prime Minister

have talked about a number of those. They've talked about the heightened tensions in the region. They've talked about North Korea's illegal weapons of mass destruction program. They've talked about the circumstances that we find in the South China Sea and the Taiwan Strait.

**Senator LAMBIE:** I'm very aware, but—

**Mr Moriarty:** So I don't think the government is going to give out detailed contingency plans, but I think the government has been very transparent about—

**Senator LAMBIE:** Does Defence have contingency plans ready to go? We all know what the areas of concern are.

**Mr Moriarty:** Yes.

**Senator LAMBIE:** It does. Okay. I'll move on to the next question. A year after Defence released the *2020 Defence strategic update*, you announced a new submarine capability that would arrive around 2040. First of all, can you explain that? You say we have shortened warning times, yet you are making announcements about submarines arriving well, well beyond those 10 years. How does that work? I just want some confidence here.

**Mr Moriarty:** I'll let the Chief of Navy and other experts answer. But we have a very potent submarine capability right now. We are not talking about a situation where we've got nothing until the 2040s. I look at what our current submarine fleet does. It's very impressive work. We have a very significant current deterrent capability through the Collins-class fleet.

**Vice Adm. Hammond:** I'm a career submariner, among other things. The Collins-class submarine is a potent capability. It is our intent to sustain it at the readiness levels that we've been demonstrating and achieving for the last few years. It is crewed by extremely professional, highly trained Australian men and women, and we operate in concert with our partners throughout the region to ensure that we maintain the highest levels of readiness. We're also fortunate to benefit from the joint Australia-US submarine combat system and weapons program, which means that we have the most advanced capabilities to ensure the lethality of that submarine program. We're also working very closely with Vice Admiral Mead's team on the optimal pathway to supporting his work to ensure that there is no submarine capability gap. From that context and as the current custodian of this role, I am confident in the submarine capability of today and the pathway going forward.

**Senator LAMBIE:** Thank you. Correct me if I'm wrong, but the first Future Submarine policy got announced in 2009 through the defence white paper. Is that correct? Okay, let's just run with that, because that's correct.

**Vice Adm. Hammond:** That's not for the program of record.

**Senator LAMBIE:** Okay—I do understand. In 2009, the planned construction date for the submarine was 2016. In 2009, what was the planned in-service date for the first future submarine? Can you remember?

**Mr Moriarty:** Well take those specifics—

**Senator LAMBIE:** It was 2025. That 2025 date was planned to allow us to have new submarines as the first Collins. We already knew the first Collins-class submarine was to be taken out of service. Is that correct?

**Mr Dalton:** At that time, the planned withdrawal date for the first Collins-class submarine that would reach it, which is HMAS *Farncomb*, was the middle of 2026.

**Senator LAMBIE:** Okay. Do we have an in-service date for the future AUKUS submarine?

**Vice Adm. Mead:** The Deputy Prime Minister and the government have directed that I deliver a safe, secure, nuclear-powered submarine capability as quickly as possible. The Deputy Prime Minister has also made it clear that there'll be no capability gap. We have provided advice and options to government on that and have been working with our AUKUS partners—the US and the UK—over the past 18 months.

**Senator LAMBIE:** Okay. It's been 14 years since the Future Submarine Program was announced. We don't even know when we're going to get a new submarine other than sometime after 2030 or 2040 or whatever it is. I put it to you that the Future Submarine project could only be used as a perfect example of a failure of Defence. Would you agree? Someone has to take responsibility. We're now sitting here in 2023, nearly 15 years later, and we're still talking submarines.

**Senator Wong:** I'll answer that, because it perhaps puts Vice-Admiral Mead and others in a difficult position. I have been on that side of the table for many years asking the same questions, and I think this has been a sorry tale in terms of actual capability in the water. In fact, as you would know, the previous government initially had the plan for the Japanese submarines, then they said they'd be built in Australia, then they had the French submarines—which were cancelled—and now we have AUKUS. We are where we are, and the government are

very focused on ensuring we have the capability the nation needs, particularly in relation to this specific capability. The Deputy Prime Minister has made a lot of public comment about that.

The optimal pathway, which was referred to earlier, is something that we are working on with our AUKUS partners, and obviously we've had AUKMIN and AUSMIN in quick succession over the last couple of months, and you would anticipate that that was a very substantive component of the discussions. Your criticisms, I think, are similar to the ones I made sitting in, probably, the chair just in front of you. And I can say as a South Australian that we've heard a lot spoken about this over many years.

**Senator LAMBIE:** Yes. My point is that, between two lots of government up here—both Liberal and Labor—and Defence, we've now wasted more than \$4 billion and do not have one result on the table. It has been a failure. Until we admit that we're failing in places, we're not going to get things right. The taxpayer needs to know that. It has been atrocious. We have not dealt with this very well. Quite frankly, I'm not feeling comfortable about the future.

**CHAIR:** Just a few more—

**Senator LAMBIE:** I'll move on with the next question.

**CHAIR:** I don't mean to interfere with your line of questioning, but you've got just a few more minutes.

**Senator LAMBIE:** Thanks, Chair. How much are we budgeting to keep the Collins class submarines going beyond their planned withdrawal date, starting in 2025, until the new submarines arrive? What is the life-of-type extension?

**Mr Dalton:** We currently spend in the order of \$700 million a year sustaining the six Collins class submarines. We are progressing to government a project to extend the life of all six submarines by a further 10-year operational cycle. That project is between first and second pass. We have money to do the studies and order long-lead items for the first submarine, and we will go back to government for second-pass approval for that project in due course. The public price band for the life-of-type extension project is between \$4.3 billion and \$6.4 billion.

**Senator LAMBIE:** I have one more question to follow that; I'll quickly finish off here. In that as well, how much time is out of water? How many are going to be running around and available at the one time? If you're going to do all of these repairs—and we know what that takes—what does that look like? Are we going to have three out at once? How are you going to run all of this? Has this been figured out yet?

**Mr Dalton:** Yes. We have quite a robust usage and upkeep cycle for the Collins class submarine. It's based on the six submarines. Out of those six submarines, two are always in deep maintenance. One is always going through what's called a full-cycle docking at Osborne in South Australia; that's a two-year docking. And one submarine is always going through either a one-year docking—a mid-cycle docking—in Western Australia or a six-month docking, which is called an intermediate docking, in Western Australia. So there are always two out of the water.

The majority of the life-of-type extension work will be inserted into the submarines as they go through the full-cycle docking in Osborne. We're planning that that work in conjunction with the normal sustainment activity, and some of the capability upgrades that we insert in the submarine will remain inside the two-year window for full-cycle dockings.

**Senator LAMBIE:** Okay. So ASPI was right in saying that each future submarine will cost over \$170 billion over the life of a submarine? To maintain all of that and to keep them in the water, the Collins class will cost \$170 billion apiece. Or is that for all six?

**Mr Dalton:** That's for all six.

**Senator LAMBIE:** Okay. Thank you.

**Mr Dalton:** There will always be a baseline sustainment cost for submarines, whether it's the Collins class submarine or the future submarines.

**Senator LAMBIE:** I understand that. I also understand the longer we keep them the more they cost if we're not replacing them. Thank you.

**CHAIR:** I'll hand over the call to Senator White and then to Senator Shoebridge.

**Senator WHITE:** I'd like to talk about the Middle Arm development. I'd like to follow up on some questions on notice that I asked of you in respect of the Middle Arm development in the Northern Territory. Its portfolio QON 100 for your reference. Just prior to the election, the then minister and now Opposition Leader, Mr Dutton, said at a press conference on 31 March 2022:

... there's a massive commitment from the Government into the Northern Territory ... that does look at port development and ways in which we might be able to support through contracts from Defence, for example, the underpinning of a business model ...

Can you confirm for me, in your answer to QON 100, whether Defence had any plans to build port infrastructure at Middle Arm at the time Mr Dutton made those comments?

**Ms Perkins:** To the specifics of your question; in a moment I'll go to Mr Fankhauser just to be clear on the QON, which I don't have in front of me, nor do I have the timing. I believe I said in this committee, answering questions from the foreign minister, that the Middle Arm proposal is a proposal that the government is investing in, that there has been a commitment in the most recent budget to that work with the Northern Territory government and that the Department of Defence's main focus has always been and will remain HMAS *Coonawarra*, but that we've been working with the department of infrastructure, as they have developed plans with the Northern Territory government, about how we satisfy future needs of all parts of government that operate out of the Northern Territory government.

**Senator WHITE:** But I'm asking about a point in time: 31 March 2022. I'm not asking what the current position is. I'm asking what happened back in March 2022. What was the position?

**Ms Perkins:** I've got the QON in front of me now. As we answered in that QON, no, Defence did not have plans and does not have plans to build port infrastructure at Middle Arm.

**Senator WHITE:** Thank you. So Mr Dutton's comments weren't made on the basis of any advice or proposals put to the government by Defence?

**Ms Perkins:** As I just said, and as I've said in this committee before, in Defence's infrastructure investment planning in Darwin, our focus remains on HMAS *Coonawarra* and substantial developments going there, but we work very collaboratively with the Northern Territory government and the Commonwealth department of infrastructure where other developments are being undertaken that we support and whose potential future use we work together on. As an example, for Middle Arm and for a Northern Territory government project in a ship lift facility, while that's not our project and it's not designed or funded by us, we'll work with them to ensure that they would be facilities we could use.

**Senator WHITE:** Sure. I understand all that. I've got the picture. I understand the current thing, but do you understand that I'm asking about a moment in time? I've been quite specific about the moment in time, which is 31 March 2022. There was no advice or proposals put to the government by Defence on 31 March 2022 in relation to Middle Arm, was there?

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

**Senator WHITE:** Thank you. The investment in question was \$1.5 billion in the former government's pre-election budget; 'new port infrastructure' is the description. Can I just confirm that this wasn't part of the defence budget, was it?

**Ms Perkins:** No, Senator.

**Senator WHITE:** Thank you. No funding was provisioned by the former government to support these comments, was it?

**Ms Perkins:** Not from the defence budget.

**Senator WHITE:** Were you surprised to hear Mr Dutton's comments at the time? They must have come a bit out of the blue for you, surely?

**Ms Perkins:** No. As I said, we had been working with the department of infrastructure as they developed that proposal, so we were engaged with the department of infrastructure and the Northern Territory government. We were doing a range of work with them as we looked at defence's future use and needs in the Northern Territory so that as those proposals came forward they were coordinated across government. And we had been involved with them in some of the initial thinking about the design and scope.

**Senator WHITE:** But you hadn't expected that announcement on 31 March 2022, had you?

**Mr Moriarty:** As you know, it's entirely a minister's prerogative about what they announce and when, but we didn't have prior knowledge of that announcement. As I think Ms Perkins said, she was aware of work other departments and the Northern Territory government were doing. As we've said, it wasn't a matter on which Defence was making plans to invest.

**Senator WHITE:** Yes, but there was no money allocated and there was no actual proposal. There was a thing maybe happening. That's a bit unusual, isn't it?

**Ms Perkins:** I would contextualise that in the period of that budget where there was money allocated through a new policy proposal by the previous government and then a reaffirmation of funding for the Middle Arm development by the current government in the October budget through the department of infrastructure, not through the Department of Defence.

**Senator WHITE:** If I go back to my original question, there wasn't any factual basis though, was there? You had nothing other than 'possibly it might happen'. There was nothing that you had done—no preparation work and no budget allowance—for it at all. It just got announced out of the blue, didn't it?

**Ms Perkins:** Senator, I think it would be beneficial if we took on notice the work we had been doing with the department of infrastructure and the Northern Territory government on developing options for government. We had been working over a number of years on the entirety of the footprint in the Darwin Harbour. As I said, we have significant infrastructure investment underway at HMAS *Coonawarra*, which is ongoing. That has been underway for many years. We've worked with the department of infrastructure and the Northern Territory government on a number of other proposals in the harbour, including, as I mentioned earlier, a ship lift facility. The Middle Arm sustainable development hub in that proposal had been under consideration for quite some time. So I don't think it's fair to characterise it as 'no work had been underway', because we had been working at officials level and in our relationship between the Commonwealth and the Northern Territory government on a range of options in the Darwin Harbour.

**Senator WHITE:** I look forward to your answer.

**Senator Wong:** I think this one—and I don't want Ms Perkins to feel that she's the one being pressed—is an example of where the rhetoric of Mr Dutton in the announcement was well ahead of the work being done by the government. I think we can safely say that.

**CHAIR:** Thank you. I have to move the call over now. Senator Shoebridge, you have the call.

**Senator Wong:** I think there's an answer for Senator Steele-John. It might be useful to get that on the record.

**CHAIR:** To an earlier question from this morning?

**Senator Wong:** To an earlier question. Could we do that?

**Mr Moriarty:** You'll recall Senator Steele-John asked a question about the B-52s visiting Australia and he asked about the presence of nuclear weapons I think more generally. It's clear that stationing of nuclear weapons in Australia is prohibited by the South Pacific Nuclear Free Zone Treaty, to which Australia is fully committed. There is no impediment under this treaty or the nuclear non-proliferation treaty to the visit of foreign aircraft to Australian airfields or transit of Australia's airspace, including in the context of our training and exercise programs and the Australian force posture cooperation with the United States. Australia's longstanding arrangements to support visits by US strategic assets are consistent with our obligations under the South Pacific Nuclear Free Zone Treaty. US bomber aircraft have been visiting Australia since the early 1980s and have conducted training in Australia since 2005. Successive Australian governments have understood and respected the longstanding US policy of neither confirming nor denying the presence of nuclear weapons on particular platforms. Australia will continue to fully comply with our international obligations, and the United States understands and respects Australia's international obligations with respect to nuclear weapons.

**CHAIR:** Thank you, Secretary. Senator Shoebridge, you have the call.

**Senator SHOEBRIDGE:** As I understand from that, Secretary, the government's reading of Australia's treaty obligations does not prohibit nuclear armed B-52s from being temporarily present in Australia.

**Senator Wong:** There's no suggestion. No-one at this table has talked about nuclear armed B-52s.

**Senator SHOEBRIDGE:** I'll press on—

**Senator Wong:** I sought to be helpful. As the official has said, successive governments—you may not agree with it, but this is the Australian position—understand and respect the longstanding US policy of neither confirming nor denying. That is the position, but we remain fully committed to the South Pacific Nuclear Free Zone Treaty and we will fully comply with our international obligations, which are understood by the United States.

**Senator SHOEBRIDGE:** I understood that. Mr Moriarty, do I understand from that answer that Defence doesn't believe that there is a restraint under Australia's current treaty obligations to Australia permitting nuclear armed B-52 bombers to be present in Australia provided it's not a permanent presence? Is that—

**Senator Wong:** No. You're reading more into it. The statement says, 'There is no impediment under this treaty or the nuclear non-proliferation treaty to the visit of foreign aircraft to Australian airfields or transit of Australia's airspace.'

**Senator SHOEBRIDGE:** But the critical question here is whether or not they carry nuclear weapons.

**Senator Wong:** And the responsible way of handling this is to recognise the US has a 'neither confirm nor deny' position, which we understand and respect. I know you want to make a political point—

**Senator SHOEBRIDGE:** I don't want to make that. I just want an answer.

**Senator Wong:** Yes, you do. We are—

**Senator SHOEBRIDGE:** I really just want answer.

**Senator Wong:** Let me finish, please.

**CHAIR:** Please let the minister finish.

**Senator Wong:** We are not in a position to go further than what Mr Moriarty has just gone. That puts us at a disadvantage because then you can get into a whole range of hypotheticals, which you are doing. I don't think it's particularly responsible or fair to the Australian community, because you would be sensible enough to understand what Mr Moriarty is saying.

**Senator SHOEBRIDGE:** Mr Moriarty, I fully understand that Australia doesn't challenge the US position, where it simply won't confirm or deny whether or not any of its platforms carry nuclear weapons. I understand that. I'm not asking you to confirm or deny whether or not nuclear weapons are on United States B-52 bombers at any particular time while they're in Australia.

My question is quite different to that. It is: Do you understand that Australia's treaty obligations do not prohibit Australia permitting the US to bring B-52 bombers to Australia, which have the potential to carry nuclear weapons?

**Senator Wong:** By implication, you are actually—

**Senator SHOEBRIDGE:** It's a simple question.

**Senator Wong:** Let me finish.

**Senator SHOEBRIDGE:** You may not like it, but it's a simple question that deserves an answer.

**Senator Wong:** Why don't you go and give a speech if you don't want to listen? By implication, of course you are asking him to confirm or deny—

**Senator SHOEBRIDGE:** No, I'm not.

**Senator Wong:** By taking as a factual basis that there are, that is clearly contrary to the position he has articulated.

**Senator SHOEBRIDGE:** I said 'they can'.

**Senator Wong:** Maybe you should just give a speech.

**Senator SHOEBRIDGE:** You could let the secretary answer.

**Senator Wong:** I'm trying to answer the question.

**Senator SHOEBRIDGE:** He's trying to answer.

**Senator Wong:** I'm the minister and I'm responding. I'm pointing out that the rotation of US forces has been a reality of our relationship with the United States. It is part of ensuring that we maintain that interoperability that goes towards making Australia safe. We have tried to be helpful in indicating our commitment to the South Pacific Nuclear Free Zone Treaty. We are fully committed to that. And we've given you the answer that the secretary has given you. I'm not going to engage in any more hypotheticals, because I don't actually think your questioning is anything more than trying to drum up concern, and I don't think it's responsible.

**Senator SHOEBRIDGE:** Minister, asking whether or not Australia's treaty obligations are understood by Australia to permit foreign forces to bring nuclear armed weapons platforms to the country is hardly fearmongering; it's just seeking some clarity. Again, Secretary: Is that your understanding of Australia's treaty obligations?

**Mr Moriarty:** I think the minister has outlined Australia's treaty obligations. As I said, under the South Pacific Nuclear Free Zone Treaty, to which we are fully committed, stationing of nuclear weapons is prohibited.

**Senator SHOEBRIDGE:** I want to go back to the questions that were being asked earlier about the review that was undertaken of ADF personnel, particularly fighter pilots who may have been operating for foreign countries. I think there were another couple of officers who were here.

**Senator Wong:** The legislation, the announcement the DPM made this morning?

**Senator SHOEBRIDGE:** I think, Ms Perkins, you said that the review came in in December. Is that right?

**Ms Perkins:** Correct.

**Senator SHOEBRIDGE:** And that found a number of gaps in policy and legislative gaps that you've been looking at since December. Is that right?

**Ms Perkins:** I would characterise the findings, in an unclassified term, as identifying opportunities to strengthen and extend policy, particularly beyond people's life of service in Defence, and undertook to work with the relevant parts of government to identify whether there were options to strengthen legislation.

**Senator SHOEBRIDGE:** Well, the Deputy Prime Minister said this morning that it was the government's intention to bring some further legislation that will make sure that not just the secrets that people might come into contact with but everything that surrounds it forms part of the statutory obligation. Is that right?

**Ms Perkins:** Correct.

**Senator SHOEBRIDGE:** And that's one of the gaps you're trying to address—that the legislation as currently drafted may impact only a subset of what people knew, or the information they got, while working for the ADF. Is that right?

**Ms Perkins:** We are in the process of working very rapidly in Defence and particularly with the Attorney-General's Department on what legislative amendments might strengthen two things, I would say. One is, as you said, the coverage of areas we would be concerned not to share, and the capacity of the Commonwealth to respond if we found that people with knowledge of classified information had shared them. Because we are in the early stages of that work and have not yet brought forward to government for their consideration what those options might be, I feel limited in describing it further, and I would note that the Attorney-General's Department will be really important key players on shaping that work.

**Senator SHOEBRIDGE:** You also indicated a need to, to adopt your term, strengthen policies that enabled you to track where former ADF personnel are at any given time after they cease their service—

**Ms Perkins:** No, I don't believe I said that. I don't believe we would seek to track former members of the ADF. I'm not sure whether you were here in the earlier session, but I did preface my answers by noting for the committee that the inquiry report to the Deputy Prime Minister was classified. So, I've spoken broadly about the areas we're looking at. But what we are looking at is the capacity to have more two-way flow of regular engagement with the former serving community on their obligations and more support for the former serving members from the serving community to receive support from us in their security obligations.

**Senator SHOEBRIDGE:** So, as I understand that, you currently don't have systems in place to identify where former ADF personnel are serving, particularly in relation to foreign governments. Does that mean that the review wasn't able to identify where former ADF personnel have been serving for foreign governments?

**Ms Pearce:** Senator, let me answer that in two parts. The first is that a very large proportion of the former serving community remain connected to service with defence through ongoing reserve service or employment. Where those members maintain a security clearance, we have a very strong range of engagement and controls over how we manage security issues.

**Senator SHOEBRIDGE:** But, Ms Perkins, my question is where they don't.

**CHAIR:** Senator Shoebridge, please allow Ms Perkins to finish answering your question. I shouldn't have to remind you about the standing orders and, to be honest, courtesy.

**Senator Wong:** If you don't like the answer, you can ask another question.

**CHAIR:** Ms Perkins, please continue.

**Ms Pearce:** The second part of that work, I suppose, is that we reinforce the obligations when people leave our service. I don't believe it's appropriate under Australia's systems of government, to track people after they leave our employment. People are free to live their lives once they handed back their obligations. Our focus would be that, when people have an enduring relationship, we give them advice and support and where people through their service have had access to some of our most secret and sensitive technology or training, we reinforce those obligations that they carry through life and we build some stronger linkages. We did not try in the inquiry to track former serving members who were no longer security holders, for instance. That was not part of the inquiry.

**CHAIR:** I have to hand over the call to Senator Fawcett, who has been waiting patiently.

**Senator FAWCETT:** I will just flag that I have two lines of questioning. My second line will go to the ForceNet incident—if people want to prepare for that. CDF, my first question is to you.

**Senator Wong:** Sorry, Senator Fawcett—ForceNet?

**Senator FAWCETT:** ForceNet—a data breach.

**Senator Wong:** Right.

**Senator FAWCETT:** CDF, when many people in the Australian public think about capability, they tend to think about ships, armoured vehicles, aircraft et cetera. Can you talk briefly, just to put on the record, about the importance of the concept of the fundamental inputs to capability in terms of your ability to generate military response options for government?

**Gen. Campbell:** Certainly, Senator. The Australian Defence Force and the Department of Defence and indeed agencies such as the Australian Signals Directorate and the defence ecosystem generate what we call capabilities in the maritime, land, air, cyber and space domains. A simple example might be an air combat capability, which is not just an airplane, such as a joint strike fighter; it might also be the refuelling effect required to sustain the aircraft in the air, the development pipeline for the pilots and for the maintainers, the airfields to deploy them and to base them from, airborne early warning and control aircraft to vector, and a wider intelligence system. All of these things come together to generate something like air control, let's say.

But, in order to be able to sustain any military effect in any of the domains I have described, you need to look to the question of whether what is known as the fundamental inputs to capability across issues such as the personnel line, the training line, the material and maintenance line, the major infrastructure line, the weapon and platform system integration and so forth are all being undertaken in a fashion that come together to generate the effect that you seek. When we speak of capabilities, the capabilities generate effects that are tangible, either kinetic or virtual, and behind those capabilities are the inputs. The inputs all have to work for the capability to be able to sustainably generate an effect.

**Senator FAWCETT:** Sure. In a response given to the Joint Standing Committee on Foreign Affairs, Defence and Trade subcommittee, the then VCDF, Admiral Griggs, was quoted as saying, 'Incorporating for the first time in an integrated way, the ICT capital investment in infrastructure estate et cetera is the integrated investment plan.' So, in terms of the good governance of defence capability, could you talk about the importance of the 2016 integrated investment plan in terms of enabling the ADF to provide military response options to government?

**Gen. Campbell:** Certainly, Senator. I'm going to start, and then I'm going to invite the Vice Chief of the Defence Force, who is the owner, the manager, of the integrated investment plan, to come forward as he may want to speak more extensively.

The critical point here is, from 2016 forward, we have looked to identify our capital investment across all elements of the defence enterprise that synchronised, acquired, sustained, maintained and eventually taken out of service or upgraded along the way in a fashion that brings together those elements of personnel, training systems, materiel, infrastructure, logistics support, the backbone ICT infrastructure, integration issues and so forth so that you are generating capability that can generate sustained effect. That's why it's called an Integrated Investment Program, because it's thinking about capabilities beyond simply acquiring an object and then having to separately deal with all of the other issues that are involved in being able to generate a military effect.

**Senator FAWCETT:** Before the VCDF starts, I'm conscious I have a second line of questioning. I'm keen to understand, if this was the first time it was done—in the 2016 white paper and associated documents—has that made your job, VCDF, easier? Is the ADF a more capable organisation because of this change to the way we budget and procure capability?

**Vice Adm. Johnston:** As the CDF has described, by consolidating the major capital equipment, the ICT and the estate planning into a single plan—the Integrated Investment Program—what we've been better able to do is look at the interdependencies between major capital and the other components in order to genuinely deliver capability. The consolidation has very much enabled that full understanding of the components to deliver capability and, through a single plan, better align them so that when a platform is ready, all of its component-enabling parts are also ready.

**Senator FAWCETT:** Thank you. I think that's the definition of good governance.

**Gen. Campbell:** Can I just interject, Senator, to say that I don't think it has made the Vice Chief of the Defence Force's job any easier. It is an extraordinarily challenging role to be the integrator of our future capability effects, and it's done extraordinary well.

**Senator FAWCETT:** Thank you. That's something we would support. Can I get the responsible officers for ForceNet at the desk, please? Or, Mr Moriarty, do you wish to lead off with this?

**Mr Moriarty:** I very much hope that the experts will arrive at the desk very quickly!

**Senator FAWCETT:** I can see the handball being positioned as we speak, Mr Moriarty! The ABC first started reporting this at the end of October last year. Could you outline for the committee what this data issue around ForceNet was? At this stage there's been a brief statement via email to ADF members, which came out nearly two weeks after the ABC reporting, but then there was the ABC reporting at the end of October. Can you briefly describe what ForceNet is and what the data breach consisted of?

**Major Gen. Stothart:** I am deemed the information owner of ForceNet in terms of its application and what it contains. In essence, ForceNet is a Defence social media connectivity site that allows messages and noticeboards to be used. We can advertise Reserve jobs on it, we can send messages to work groups about shift changes and routines and chains of command can post information. We do use it as a strategic information tool to post certain messages at a relevant level. You need to be a registered user. It is not a secure classified system. It's an information-sharing exchange program.

**Senator FAWCETT:** What was the nature of the attack? I understand it was a ransomware attack.

**Major Gen. Stothart:** We use an external provider to provide us with that platform and they monitor and manage that application. They were given some information around 2018 to allow testing in their own environment outside of our system and protections, and we became aware that there had been a ransomware attack on their system outside of ours that potentially exposed some of the data we had transferred to them for testing.

**Senator FAWCETT:** Okay. When and how did you become aware of that?

**Major Gen. Thompson:** I'm responsible for cybersecurity. We tracked this initially from September, but were officially—

**Senator FAWCETT:** September of which year?

**Major Gen. Thompson:** It was 2022. I'd have to confirm the date. The date that is important is 19 October 2022, when the service provider informed us that they believed that some Defence information may have been compromised.

**Senator FAWCETT:** Do you have any information at this stage as to who was responsible for the ransomware attack?

**Major Gen. Thompson:** No, at the moment it remains unattributed. We have worked with the service provider to analyse the server infrastructure that was compromised in terms of the dataset. We've closed that investigation and found no compromise of the Defence information that we're aware of.

**Senator FAWCETT:** When you first became aware in September, who else was then advised? I assume you advised ASD, the minister and the Minister for Cyber Security. Who was advised?

**Major Gen. Thompson:** All the notification occurred from 22 October. The initial watch is these things occur occasionally. We track these incidents through with the response through ACSC et cetera, but at the time there was no evidence. In fact, the company had not informed us that they expected any compromise.

**Senator FAWCETT:** According to the ABC reporting:

A source with knowledge of the investigation has since told the ABC that Defence believed some private details—such as dates of birth and dates of enlisting—might have been stolen, despite early indications to the contrary from the external provider.

Is your evidence to the committee now that that information provided to the ABC was incorrect?

**Major Gen. Thompson:** No. The service provider informed us that they believed that the 2018 dataset, which may well have held some of that information, may have been compromised. Our analysis of the servers suggest that while the information may have been extracted or compromised—we're talking massive amounts of datasets—it hasn't appeared anywhere on the dark web. We don't think that it has been compromised and we have no evidence to suggest it was actually compromised. It's very difficult to understand exactly what was or was not exfiltrated by the ransomware people, because we don't run that infrastructure; the service provider provides it. There were indicators that perhaps it was taken, but we've not found any information to suggest it actually was.

**Senator FAWCETT:** So, if at the time of the investigation and trying to understand the breach, you believed there was the potential for data to be compromised, why was it two weeks after the media were informed that ADF members were advised that their data may have been breached as opposed to the other way around?

**Major Gen. Stothart:** My understanding is that we released an all-staff internal message. There had been no media before we released that internal message. The media coverage occurred after the first notification to our staff that there could have been exposure for them. So, in terms of time line and media and our internal

messaging, my understanding is that we released an internal all-staff email to alert them to a potential unauthorised release of information and then there was media coverage.

**Senator FAWCETT:** What was the date of the email that went out?

**Major Gen. Stothart:** I might need to take that on notice and get back to you on that. We have released three internal all-staff emails: the first to notify, the second to give an update and the third to indicate a closure of the incident from a notification perspective—not an investigation or further consequence management. We did not see at that stage any further need for all-staff email notification. We did notify a number of personnel whom we had identified from the dataset that we were able to get from the provider indicating those whose personal identifiable information may have been at risk.

We also employed IDCARE. IDCARE is a national identity and cyber support community service to support everyone who had a ForceNet account in the dataset that could have been compromised. IDCARE was able to provide support on an individual basis to those people whose information may have been exposed.

**Senator FAWCETT:** The chair's winding me up here so, rather than asking another question, I'll put just a few on notice, and that will have about the same time impact. Could you tell us how many ADF members or former ADF members have had their data potentially exposed—that is, how many you wrote to around that. Are you able to tell us how many people end up contacting IDCARE? The feedback I've had is that some people who've reached out for support didn't get follow-up, and that concerns me, if this is the avenue that we've indicated is how they should get support. So, I'm interested to understand how many people sought support, either through the chain of command or through IDCARE, and what actions were taken to support those people. Is the same provider still providing the ForceNet service? And what actions have been taken to ensure that datasets that are provided—and I think you said for testing—won't be exposed to this kind of attack in future?

**Major Gen. Stothart:** Yes.

**Senator GREEN:** I have some questions about the recently announced acquisition of Black Hawk helicopters. You will recall that at the last estimates I asked a number of questions about time frames in terms of ordering the Black Hawks, and we established at the time that Black Hawks hadn't been ordered under the previous government but that things had moved on slightly. Can you now confirm that the current government has entered into a contract to acquire Black Hawks?

**Lt Gen. Stuart:** The second-pass approval for that proposal was considered and approved by government in late quarter 4 of last year. I'll ask Major General King to confirm some dates, but we are in an FMS contract with the United States for the purchase of up to 40 Black Hawk helicopters.

**Major Gen. King:** Good morning. That announcement on the Black Hawk decision occurred on 18 January this year where we confirmed the acquisition of 40 UH-60M Black Hawk helicopters.

**Senator GREEN:** Major General, as you know and I'm sure other people know, one of the aspects of this decision that's attracted some attention in the part of the world that I'm from in North Queensland is a decision to base the Black Hawks in Holsworthy and Oakey. I want to ask some questions about that, because I think it's important to understand the reasoning behind the decision and say from the outset that I think most people from North Queensland would like the entire Department of Defence to be based up in North Queensland. We would like to get everything up there. I understand that, but I would like to understand the strategic reasons for this decision, and I think that's important to share. A small number of the MRH90 helicopters currently based at the RAFF in Townsville will not be replaced by Black Hawks. Is that correct?

**Lt Gen. Stuart:** I might be able to assist with some context around the aviation program and, before I do that, say that Army is a very integral part and a very welcome part of the Townsville community and the community in North Queensland. We appreciate the support that we get from community. We are committed to maintaining our presence there, and there are a range of very important capabilities, including our aviation capability. We have, over the past few years, moved towards the implementation or the recommendations of the Houston review into army aviation, which was commissioned in 2016. Broadly speaking, it asks us to address a range of things, including where aircraft are located, because we get a much better outcome in terms of being able to maintain them and being able to retain the services of strategic industry partners if we're able to concentrate them. The rule of thumb is to have one aircraft type in one location wherever we possibly can. So that's what we're working towards. There were some other recommendations as well about aligning command and control with operational units, and then the governance for airworthiness, maintenance and other things as well.

**Senator GREEN:** I have some more questions about how that works, so I thought we might get to that part of it.

**Lt Gen. Stuart:** Sure.

**Senator GREEN:** I'm interested in this particular decision—but you're getting there, sorry.

**Lt Gen. Stuart:** My apology. I will be briefer and more succinct. We are actually moving the headquarters of the 16th Aviation Brigade to Townsville, and, as you're probably aware, we've also significantly increased the size of our CH-47 fleet into Townsville. That assists us to have a proper strategic relationship with our industry partner Boeing Defence Australia and to attract the sort of critical mass that allows Australia and Boeing to compete for work in the region, because there are a number of other countries that operate similar aircraft. So the question about the location or disposition of Black Hawk is related to that set of principles.

It is also related to the fact that our Navy operate the Romeo version—the 'marinised' version—of the Black Hawk. That is a Lockheed Martin product. So, if you look at the density of where those helicopters are located in the Sydney Basin-Nowra area, where our 6th Aviation Regiment is, which is the special operations aviation regiment based in Holsworthy, there's a natural opportunity for critical mass in that strategic partnership with Lockheed Martin Australia. So that is the driving factor.

**Senator GREEN:** Can we just take it back a step? I think the issue here is I need to ask a more succinct question. The decision to base the newly acquired Black Hawks in Holsworthy and Oakey, rather than replacing the Taipans in Townsville, was a decision made by Army?

**Lt Gen. Stuart:** There was a recommendation by the department based on my advice, which government ultimately took.

**Senator GREEN:** In terms of where the Black Hawks are based, why did Army make that decision about, specifically—there is a lot of context, and I think many people on this committee might have that information. Why is it that the Black Hawks specifically will be based near Holsworthy and Oakey?

**Lt Gen. Stuart:** Firstly, Holsworthy is where our 6th Aviation Regiment is—

**Senator GREEN:** There are a lot of people in this room who will understand what that regiment does, but would you mind explaining the context of that regiment?

**Lt Gen. Stuart:** Certainly. The 6th Aviation Regiment is part of our special operations command, so it has the full range of special operations aviation missions. It also does other things for our broader Army and ADF. The platform that is best for that capability is the Black Hawk, and that would be—

**Senator GREEN:** Is that because of the size? Is it something to do with the number of people that can be transported or the difference in capability?

**Lt Gen. Stuart:** There are a range of different munition profiles in that special operations capability, and the Black Hawk is best optimised to cover the full range of mission sets because of its parameters, its power, its range, its endurance, its capacity and also its ability to protect itself on and near a target.

**Senator GREEN:** On the decision to base those helicopters where the 6th Aviation Regiment is based, you mentioned some reviews that had come out and the fact that there was a need to have those two capabilities together. That might be the wrong terminology, but can you talk me through those findings and why there is a need to have those locations consolidated?

**Lt Gen. Stuart:** Yes, certainly. It was the Houston Review into Army Aviation in 2016 conducted by—

**Senator GREEN:** What led to that review?

**Lt Gen. Stuart:** We had experienced a range of challenges in generating the degree of capability, availability and cost of ownership for Army aviation across different platforms, so it was a very comprehensive review to ensure we understood the causal factors and we were able to address those in a systemic way to deliver on the capability at a cost that was affordable.

**Senator GREEN:** There was a review after the tragic accident in 2006 as well, into some of the recommendations from that review and findings around where locations could be better placed, wasn't there?

**Lt Gen. Stuart:** I'm not familiar with the exact parameters of the 2006 review. There have been numerous reviews into various aspects, whether those involved accidents or safety matters or whether they were more generally about the performance of a particular platform. What we've sought to do is bring everything we understand and have learned over that period into a program strategy that takes a holistic view of how we best generate the aviation capability in an affordable way.

**Senator GREEN:** Townsville is and will remain the home of the Chinook fleet—is that correct?

**Lt Gen. Stuart:** That is the plan, and also—

**Senator GREEN:** Is that increasing the numbers, or have the numbers recently increased?

**Lt Gen. Stuart:** The numbers have increased by 40 per cent.

**Senator GREEN:** What's unique about the Townsville location which makes it—I guess you're saying there's a need to keep the two regiments together in Sydney and Oakey, but there's also, I would say, an inverse need to keep the Chinooks in Townsville. Can you talk us through that?

**Lt Gen. Stuart:** Certainly. The 3rd Brigade, which I know you're very familiar with, and the 16th Aviation Brigade, which will move its headquarters from Brisbane to Townsville, will coalesce to form part of our air mobile and also our joint amphibious capabilities, so there's the operational nexus there that is specific to Townsville as a geographic location.

**Senator GREEN:** Okay. I'm going to get the move on in a second. I might get an opportunity to ask some more questions, but there are a couple of things I want to finish on. First of all, I've seen some public commentary along the lines that Townsville was the preferred location and it has essentially been snubbed or that this was somehow a decision that went against previous recommendations to keep Black Hawks in Townsville. Can you just clear that up for us? You've gone through what I can see is a pretty methodical decision-making process based on a number of reviews around safety, capability and making sure that our special operations that are located in Sydney have the capability that they need to operate in their particular missions. Public commentary to that extent doesn't quite capture the background of this situation.

**Lt Gen. Stuart:** I think that's a very accurate characterisation.

**Senator GREEN:** Thank you.

**Lt Gen. Stuart:** We very much value our part in the Townsville community. There's certainly no substance to the idea that Townsville is somehow being treated unfairly or 'snubbed', which I think the term was. It is simply about how we, as Army, and the ADF are best able to generate the operational capability, do it in an efficient way and use taxpayers' resources as best we can.

**Senator GREEN:** I've got some follow-up questions later that I might put on notice if that works.

**CHAIR:** It would be great if you could.

**Senator GREEN:** Could I just ask one final question on this section?

**CHAIR:** Sure, and then I'll hand over to Senator Fawcett.

**Senator GREEN:** I just thought I should mention as well that I did seek a private briefing on this matter, and I want to thank you, Major General, publicly for that briefing. Has any other member of parliament received a briefing on this matter?

**Major Gen. King:** You're the only senator I've briefed on the decision around Black Hawk in relation to Townsville.

**Senator GREEN:** What about the assistant shadow minister for defence?

**Mr Moriarty:** You're the only senator!

**Lt Gen. Stuart:** We'd be delighted to provide briefings to anyone who's interested.

**Senator GREEN:** I don't know what interactions the assistant shadow minister, who has made lots of public commentary on this matter, has had or whether he has sought a private briefing. We're both very lucky to have the capability of getting those briefings in the places that we live, so I was just interested to know if he sought a briefing or not. 'Not at this stage' is the answer, is it?

**Major Gen. King:** Yes, not at this stage.

**Senator GREEN:** Thank you.

**CHAIR:** I'll hand over the call now to Senator Fawcett.

**Senator FAWCETT:** Can I come back to enabling capabilities? We're quoting the ABC a lot here today, Australia's most trusted source of news, according to their advertising. It was reported by them in January this year that the cost to upgrade the Cocos (Keeling) Islands airstrip was now triple the amount that was originally forecast. Can somebody come to the table to discuss that please? Can you talk to us about the costings?

**Ms Perkins:** Certainly, we can. Is there a particular question?

**Senator Wong:** He's being very generous; it's an open question!

**Senator FAWCETT:** The claim by the ABC is that the costs have tripled. So the first question would be: is that accurate?

**Ms Perkins:** Yes, it is accurate. I'm going to throw to Dan Fankhauser to talk to the detail of that. But, yes, we have worked through a government approval on addressing the cost increase in that project, and that is primarily the impact of trends we are seeing across the construction centre in Australia and overseas. They are more acute

on Cocos (Keeling) Islands because of its remoteness, and there were particular challenges after that project was approved and we started the work of contracting for particular work packages. In supplying those, with a workforce mobilised, in a remote location, we went back to government late last year to work through what we thought the increase in cost to deliver that project would be.

**Senator FAWCETT:** Before we go to Mr Fankhauser, who I know from previous experience will do a fantastic job of explaining all the detail of that, can I step back to look at the importance of the airstrip there? Is it fair to say that from a Defence perspective—and, CDF, you might be best placed to comment on this—the Cocos (Keeling) airfield and the facilities there are a strategic asset for Australia's defence capability?

**Ms Perkins:** Cocos (Keeling) is a really important part of Australia. We've been working for some time to develop this upgrade, and this upgrade is designed to enable the operation of heavier aircraft than we've operated through Cocos (Keeling) in the past, particularly the P-8A Poseidon capability. So the project that we had approved was to strengthen and widen runways and taxiways and parking aprons, and upgrade airfield lighting and draining infrastructure. There are a range of supporting elements around that. So we see Cocos (Keeling) as an important airfield and an important part of the way Australia can project power beyond the mainland, through and into the region.

**Senator FAWCETT:** Given its strategic importance, was it part of the DSR?

**Ms Perkins:** As the secretary alluded to in his comments earlier today, the Defence Strategic Review was received by the Prime Minister and Deputy Prime Minister yesterday. I have not seen the Strategic Review. Certainly in our engagements with the review team, we have discussed with them at length the infrastructure program where we are investing in infrastructure around Australia, and I would anticipate that there will be commentary on the importance of strategic infrastructure.

**Senator FAWCETT:** So, if the works weren't undertaken, would it affect our ability to maintain a strategic presence in the region?

**Ms Perkins:** What I would say is the works are being undertaken. The project is approved. The government has approved the real cost increase, and we anticipate work will commence there in the middle of this year.

**Mr Fankhauser:** Projects are currently being considered by the parliamentary Public Works Committee, and we expect a hearing will be held in early March, which will be the final stage of the review process. Subject to approval, we expect works to commence in the middle of 2023.

**Senator FAWCETT:** Their submission gives a figure for the project. Is that the final figure you're expecting based on discussions with commercial stakeholders?

**Mr Fankhauser:** Yes. I could add to the explanation that Ms Perkins gave just prior. The original cost estimate was based on a scope of works which was expanded as we did more detailed assessments of the runway requirements. Originally, it was to strengthen and widen the existing runway. We're actually now going to extend the length of the runway by a further 150 metres, which will enable a broader range of missions, predominantly by the P-8A Poseidon in terms of its maximum take-off weight and the amount of time that gives the aircraft to undertake maritime surveillance activities.

There have also been a number of scope elements added into the project that weren't included in that initial cost estimate. We've been very conscious of not causing undue disturbance to the local population. We'll need to construct a wharf, which will be used to offload most of the materials, which will be shipped from the Australian mainland to the island. We'll also be putting in place temporary accommodation so as not to disrupt the local tourism sector. All of those have combined to get us to the revised cost estimate.

I would also add that the impacts of the COVID-19 pandemic, the war in Ukraine, the disruptions and volatility we've experienced particularly in the construction sector over the last two years have meant that we have factored those cost escalations into this figure. It has been developed to a P90—a 90 per cent cost confidence. So we are confident that it has captured all of the volatility and risks associated with the project given its remote location.

**Senator FAWCETT:** Sure. You've given us a long list of factors that you've considered. Can you give us a breakdown of the I think \$383.6 million of additional funding, as to which of those elements contributed to that funding?

**Mr Fankhauser:** Yes, we'll provide that on notice.

**Senator FAWCETT:** Chair, I have a further line of questioning, if you'd like me to go through to one o'clock.

**CHAIR:** I'll give you another two minutes, if that's okay, only because I promised Senator Shoebridge to also take us up to lunch.

**Senator FAWCETT:** In that case, go to Senator Shoebridge, because I'll need more than two minutes.

**CHAIR:** Okay. Senator Shoebridge, you can take us out to lunch.

**Senator SHOEBRIDGE:** I'm not going to take you out to lunch, Chair, but I will proceed with the questioning!

**CHAIR:** I thought you were a generous man, but clearly not!

**Senator SHOEBRIDGE:** Don't go anywhere, Ms Perkins. We may as well finish that round of questions. The review that was handed in in December wasn't tasked with identifying which, if any, ADF personnel had been serving for foreign militaries? That wasn't part of the review?

**Ms Perkins:** No.

**Senator SHOEBRIDGE:** Secretary, has the department undertaken any review to identify, for example, which, if any, former ADF fighter pilots have served in foreign militaries? Separate to Ms Perkins's work, has the department undertaken—

**Ms Perkins:** To the extent that it might be helpful—and I think this is the way we provided some information to the committee at the last hearing—we work closely with the Counter Foreign Interference Taskforce and other elements of government where there's this particular set of circumstances, which have been mostly in the media, around the prominent case of a former marine. People will have seen that commentary. How we then work with the intelligence community and the security community on the treatment of where we might be seeing risks emerging is something that we treat in a classified way. In the instance of this, the directions to us from the Deputy Prime Minister were not around that particular case but, rather, how we were positioned to respond. We have delivered that inquiry report and are now implementing the recommendations as approved by the Deputy Prime Minister.

I think an additional point that's quite important is how we understand where employment might occur. It would be known to many of us in the room that former serving members work in other parts of the world after they complete their service, and that's not what we're talking about here. The inquiry was looking at potential policy strengthening and responses where former serving members of the ADF were induced to supply training in countries whose interests were inimical to Australia's.

**Senator SHOEBRIDGE:** Well, if you haven't truth-tested to identify if any Australian personnel are working for the militaries of countries whose interests are contrary to the interests of Australia's national security, it seems to me, Mr Moriarty, there hasn't been any investigation to identify the scale of the problem.

**Ms Perkins:** What I was attempting to—

**Senator SHOEBRIDGE:** It wouldn't just be China; it would be countries—

**CHAIR:** Senator Shoebridge

**Senator SHOEBRIDGE:** in other parts of the region which may have interests contrary to the national interests of Australia.

**Ms Perkins:** Perhaps I was too subtle. What I was trying to suggest to the committee is that we work closely with the intelligence community, and how we might be looking at that problem would be a matter that would be considered classified and would not be discussed here.

**Senator SHOEBRIDGE:** The UK has acknowledged that 30 of its former pilots have been training the Chinese military. They've been able to have some openness on it. Mr Moriarty, is there any intention from Australian Defence to have a similar degree of openness and actually tell the public where Australia's former defence personnel—if it has happened—have been serving countries whose interests are contrary to the Australian national interest? The UK can do it; why can't we?

**Mr Moriarty:** It's a matter for the government as to whether it wishes to make those types of pieces of information public. I think, as Ms Perkins said, we're working with a range of agencies, including the intelligence agencies, to take this matter forward. I think the government's taken a view about what's appropriate to put into the public arena at this stage, and we'll continue to work and engage with ministers on what additional information they may wish to share with the public at what particular appropriate point in time.

**Senator SHOEBRIDGE:** Well, my office has been contacted by one individual who was concerned that a former Australian pilot—at least one—had been training the Saudi Arabian air force. As you know, the Saudi Arabian air force is involved in appalling atrocities in the civil war in Yemen. Have you undertaken those sorts of investigations, and do you accept that it would be deeply, deeply wrong for a former Australian pilot to train the Saudi Arabian air force, for example?

**Mr Moriarty:** I don't have anything to add.

**Proceedings suspended from 13:00 to 14:02**

**CHAIR:** We will continue on with the Department of Defence. Before I hand the call over to Senator Lambie, it's been brought to my attention there are a number of officials from the Department of Defence for whom this will be their last appearance at Senate estimates—lucky you!

The first individual is Mr Tony Dalton. Tony, I understand, is retiring after 43 years in defence. His career began in the Navy, I am advised, flying Sea Kings and Seahawks and overseeing capability, acquisitions and sustainment. Over his career he has delivered complex and crucial Navy, aviation and shipbuilding programs—I've been very much fortunate to be part of some of those as part of my role as a senator. Most recently he was the inaugural Deputy Secretary of the Naval Shipbuilding and Sustainment Group. On behalf of the committee, Tony, I wish you well in, I'm assuming, retirement. Good luck with whatever you choose to do in your life. Thank you for your contribution over many years of service.

I'm also told that Mr Shane Fairweather is retiring, after 35 years in defence and defence industry. He served in the Royal Australian Air Force for 13 years as a Chinook and Hercules pilot and a qualified flying instructor. Since his return to Defence, Mr Fairweather has served in many senior executive roles, including as the Acting Deputy Secretary of the Capability Acquisition and Sustainment Group in 2022. Most recently he has overseen the delivery of complex aviation capabilities as First Assistant Secretary, Joint Aviation Systems. On behalf of the committee, Shane, I wish you a well-deserved retirement. Please enjoy it, and take the committee's thanks and appreciation for the work you have done in defence and defence industry.

**Mr Moriarty:** Thanks, Chair. On behalf of the department, I again thank those officers for outstanding service. We will miss them greatly.

**CHAIR:** We'll make sure to give them a bit of a ribbing on the way out today, being their last appearance!

**Senator Wong:** On behalf of the government, I thank those officers for their service. I say particularly to Mr Dalton, who had lots of conversations with me over many years: I'm sure you won't miss me! But we will miss you.

**CHAIR:** I think 'many' might be an understatement! On that note, I'll hand over to Senator Lambie.

**Senator LAMBIE:** I have some questions regarding the non-awarding of ADF operational awards and medals because of time. I received a lot of inquiries from service personnel who have missed out on an award because they weren't in danger for long enough. Some examples of those are, firstly, sailors on Operation Dirk, down in the great Southern Ocean, where sailors are put in great peril conducting border operations. Because some were there for only 23 days, not 30, they missed out on an award. Soldiers on Operation Okra who endured night after night of rocket attacks but were there for only 23 days, not 30, also missed out on an award. For service personnel who were deployed to Malaysia during unrest between the Malaysian government and the communist forces in the period between 1967 and 1989, I note that, finally, this is currently under review. I'm very grateful for that, although I doubt there are many of them surviving. But it goes to the theme of diggers not being recognised for the risks they undertook in our name. I want to know if and what the department is going to recognise these service personnel for their contribution just because they weren't there for an extra day or two. Are we going anything about these time frames? Is the department finally looking at them? It's becoming a morale problem. It's becoming a problem of friction within our defence forces.

**Ms Greig:** In terms of a number of circumstances you raised, we may need to work through some of those on notice. There may be some that we can answer today. I just need to confer with my colleague. Would you mind repeating the first question? My apologies.

**Senator LAMBIE:** I'll just get to the point here. Just because you don't do 30 days or your mate does 23—the bottom line is this: frankly, I don't care how long you're in there. If you're shot on day one, your medal is not awarded to you till day 30. Why can't you get your medal on day one because were shot? It is because you haven't done 30 days. This time requirement stuff is right across all those medals. I get a lot of this. There's got to be a way around this, because there are circumstances involved. If that person's been hurt and happened to be airlifted out or sent back home, because of that—which is not their fault—they don't receive a medal. This has been a problem for a long time, and I'm quite sure you're aware of that, so, if you don't have the answer for me, I would like some sort of answer or to know whether or not someone is looking into the time lines on these medals that are awarded, because it is an issue.

**Ms Greig:** We will look into that and give you a more comprehensive reply.

**Senator LAMBIE:** Thank you. I just want to see these time lines dealt with.

My next lot of questions will be for the—

**Senator Wong:** Can I be clear on that? I want to be helpful. You're asking the official to take on notice both the rationale for and whether there's any intention to change any time related criteria for the award of medals?

**Senator LAMBIE:** Yes. Do they have to be so rigid?

**Senator Wong:** Okay. We can take that on notice.

**Senator LAMBIE:** Thank you. If someone is even looking at it—the solution is not working at this point in time.

**Gen. Campbell:** We'll also in that reply confirm the question of medallic award for those who are evacuated from operations for medical reasons such as combat injury.

**Senator LAMBIE:** Thank you.

**Gen. Campbell:** I understand—but we will confirm—that, if you are evacuated, you are eligible for medals that you would otherwise have received.

**Senator LAMBIE:** Okay, thank you.

My next question is for the Distinguished Service Cross. General Campbell, is it true that you were awarded a Distinguished Service Cross in the Queen's Birthday 2012 Honours List 'For distinguished command and leadership in action as Commander Joint Task Force 633 on Operation SLIPPER from January 2011 to December 2011'?

**Gen. Campbell:** I accept your reading of it. I haven't looked at it in recent times, but that's the correct time frame.

**Senator LAMBIE:** Thank you. I'm coming back to this because of times. Did the Governor-General make your Distinguished Service Cross award on the recommendations of the Minister for Defence, the Hon. Stephen Smith, at that time?

**Gen. Campbell:** I can tell you what the sequence is, but you'd have to ask the individuals. There will be a nominator. The nomination will go to an honours and awards board. The board will then make a recommendation to the Minister for Defence of the day. The Minister for Defence will make a recommendation to the Governor-General, and Government House will announce and gazette awards.

**Senator LAMBIE:** Is it correct the Australian Defence Force Middle East Area of Operations command shifted from Camp Victory in Baghdad to the Al Minhad Air Base in the United Arab Emirates in late 2008 and that, by late 2009, Australian air, land, and sea operations in support of the Persian Gulf, Indian Ocean, Iraq and Afghanistan operations were based from Al Minhad, some 1,700 kilometres from Afghanistan?

**Gen. Campbell:** I'm going to take on notice the date of the change, but the transfer of the command function out of Iraq to Al Minhad certainly occurred, and that function was then the Australian national command headquarters for Middle East region.

**Senator LAMBIE:** Is it true that, as the commander of Joint Task Force 633 from January 2011 and January 2012, you were based in the United Arab Emirates?

**Gen. Campbell:** That's where I was based and where my headquarters was, from which I would move quite extensively through the Middle East area of operation.

**Senator LAMBIE:** Do you accept that, at the time of your nomination in 2011 and 2012, the relevant letters of patent for the DSC, signed by our late monarch, Queen Elizabeth II and then Prime Minister Bob Hawke, was dated 15 January 1991, and the regulations set out in that schedule—page 2, regulation 3—prescribed:

The Distinguished Service Cross shall be awarded only for distinguished command and leadership in action.

**Gen. Campbell:** I will have to check what the date of the letters patent is. I know there was a change at some stage. We'll have to take that on notice to confirm.

**Senator LAMBIE:** Minister, could you tell me whether or not, at the time of CDF's nomination, the Department of Defence or the Army had either a statutory or a prescribed definition of what 'in action' meant?

**Senator Wong:** At which time was this?

**Senator LAMBIE:** This was at the time of CDF's nomination for the Distinguished Service Cross.

**Senator Wong:** So this is past government, not his status as CDF.

**Senator LAMBIE:** Yes.

**Senator Wong:** I would have to take that on notice.

**Senator LAMBIE:** Could you please take that on notice.

**Senator Wong:** This is about whether or not there was a policy or statutory definition of 'in action'.

**Senator LAMBIE:** Yes. CDF, how many times between January 2011 and December 2012 did you visit Afghanistan?

**Gen. Campbell:** I will have to take that on notice. I was certainly in Afghanistan for somewhere between 60 and 80 days—or it might be more, but it was in that ballpark of days in Afghanistan.

**Senator LAMBIE:** I was wondering if either you or the minister could please explain to this committee how you could be considered in action if you're based 1,700 kilometres away from Afghanistan.

**Gen. Campbell:** Clearly, that's not a question I can answer.

**Senator LAMBIE:** Can I get an answer to that on notice, please. This is all coming down to the words 'in action'.

**Senator Wong:** I understand that.

**Senator LAMBIE:** I've done a lot of homework on this. I really cornered this. I won't go through this again in estimates, but I want to finish it off today.

**Gen. Campbell:** Sure.

**Senator Wong:** This goes back to the time frame for the award of the DSC; is that right?

**Gen. Campbell:** Yes.

**Senator Wong:** Okay.

**Senator LAMBIE:** So you would be aware that the original DSC letters patent, dated the 15th of the 1st 1991, was amended on 13 December 2011 by the then Deputy Prime Minister, Julia Gillard, and simply omitted the words 'in action' and inserted the words 'in warlike operations'. Are you aware of that?

**Senator Wong:** I wasn't aware of that, but I now am.

**Senator LAMBIE:** Can anybody explain to me who in the ADF sought the amendment to the DSC letters patent from 'in action' to 'in warlike operations' shortly after you were nominated, and why that was changed? Can someone give me a reason? You can take that on notice, but we want to know why that was changed—what the reasoning behind that was.

**Gen. Campbell:** We'll take that on notice.

**Senator LAMBIE:** Is it true, General Campbell, that, following criticism in the Brereton inquiry from some Special Air Service Regiment and Special Operations Task Group officers, on 2 November 2022 you demanded that Special Air Service Regiment and Special Operations Task Group officers at that troop, squadron and command level who had been awarded distinguished service awards, surrender their awards by 30 November 2022—within 28 days—or face formal action to cancel them? Can you tell me anything about that?

**Gen. Campbell:** Can you give me those dates again, please?

**Senator LAMBIE:** On 2 November 2022, you demanded that the SASR and SOTG officers at the troop, squadron and command level who had been awarded distinguished service awards surrender their awards by 30 November 2022.

**Gen. Campbell:** That is incorrect.

**Senator LAMBIE:** Are the dates incorrect? Have I got the dates wrong, or you did not command them to do that then?

**Gen. Campbell:** That's correct. What you've said is incorrect.

**Senator LAMBIE:** Did you ask them to do that?

**Gen. Campbell:** No. What you have said is incorrect.

**Senator LAMBIE:** So there's nothing at all relating to that whatsoever?

**Gen. Campbell:** Senator, I welcome you to fish, but I'm not going to answer an unasked question for you.

**CHAIR:** Senator, I think the general has answered your question. Have you got other questions before I hand over the call?

**Senator LAMBIE:** They're all the questions I have, thank you.

**CHAIR:** Senator Birmingham, you have the call.

**Senator BIRMINGHAM:** I'd just add to the earlier comments and thank the retiring officials who are present for your service—some of whom I'm sure we haven't heard the last of today. I'd like to turn to the AUKUS task force. Has the AUKUS task force reported in relation to future nuclear-powered submarine capabilities and recommendations?

**Vice Adm. Mead:** The task force has worked with our partners, and we've provided continual updates to government on the nuclear-powered submarine program, including the optimal pathway.

**Senator BIRMINGHAM:** You have now provided a recommendation in relation to the optimal pathway, or a report in relation to the optimal pathway?

**Vice Adm. Mead:** We have.

**Senator BIRMINGHAM:** When was that provided to government?

**Vice Adm. Mead:** Earlier this year.

**Senator BIRMINGHAM:** Was that yesterday, last week, a couple of months ago—well, a month ago?

**Vice Adm. Mead:** Earlier this year.

**Senator BIRMINGHAM:** Vice Admiral Mead, I appreciate there are elements of this that are of course confidential, but the timing of provision of a report to government rarely is and is fair game for estimates questions. So let me ask again: when was the report with recommendations in relation to the optimal pathway provided to government?

**Senator Wong:** We'll take that on notice.

**Senator BIRMINGHAM:** Senator Wong, I do get the impression that Vice Admiral Mead—I'm happy for him to answer in the general, whether it was yesterday, last week or last month. He said earlier this year. I get the impression he knows. I'm pretty sure this is a fairly significant thing he would remember.

**Senator Wong:** Yes, and we will take it on notice.

**Senator BIRMINGHAM:** It doesn't need to be taken on notice.

**Senator Wong:** The minister has the discretion to do that. I will take it on notice.

**Senator BIRMINGHAM:** On what basis are you seeking to take it on notice?

**Senator Wong:** So I can ascertain what we can tell you. If we can be helpful, we will. I would anticipate that there will be engagement with the opposition at an appropriate time. You know these are sensitive matters. These are highly classified matters. You know that before you made the announcement the then opposition was briefed by the Prime Minister on the day of the announcement or maybe the day before. So we'll probably do a bit better than that. I'm not trying to be difficult, Senator Birmingham. I don't want the official put in a difficult position. I'd like to take it on notice.

**Senator BIRMINGHAM:** We have taken it on notice. I do think that's being unnecessarily difficult in this case. It is a fairly straightforward question of when a report was provided to government. I haven't gone to content or otherwise—

**CHAIR:** Do you have further questions, Senator Birmingham? The minister has taken it on notice.

**Senator BIRMINGHAM:** She has, and she took her time in taking it on notice with that statement, Chair, so I don't think you need to hurry me along just yet.

**CHAIR:** She's taken it on notice. Do you have further questions?

**Senator BIRMINGHAM:** I do have further questions, certainly. Vice Admiral Mead, there were numerous elements to the work of the task group. Have all of those elements reported, or are some of them ongoing?

**Vice Adm. Mead:** There were essentially nine elements that made up the optimal pathway. I have mentioned these before to the committee: strategic elements, trilateral contributions, workforce training and education, capability itself, the industrial base, stewardship, security, non-proliferation and strategic communications. All of those components form part of the optimal pathway. Advice has been provided to government on a continuing basis over the past 18 months, and the report encompasses all of those elements together with our partners.

**Senator BIRMINGHAM:** Thank you, that is helpful. I do want to acknowledge that, whilst I'm not privy to seeing it, I imagine it is an immense body of work and undertaking your task force has been engaged in. It was tasked by the previous government to do and it has worked with the current government. I acknowledge the timely delivery of that within the 18-month window that was set.

The description of an optimal pathway indicates, in layman's terms, just that—an optimal pathway, but I did note comments by UK defence secretary Mr Wallace about there being a range of options for Australia. This was

obviously following the recent AUKMIN meetings. Does the report recommend an optimal pathway or does it present options for government?

**Vice Adm. Mead:** The report presents an optimal pathway. The direction from government is to ensure that we safely, securely and as quickly as possible deliver this nuclear powered submarine program. It does comprise those nine components I mentioned before.

**Senator Wong:** Sorry, were you referring to Secretary Austin's comments?

**Senator BIRMINGHAM:** No, I was referring to Secretary Wallace. Thank you. Does the task force have, within those nine elements or elsewhere, work that remains ongoing at this stage?

**Vice Adm. Mead:** Absolutely. There will be work ongoing for years and decades as we continue to deliver nuclear powered submarines, including the construction of submarines down in South Australia, as we operate the nuclear powered submarines, as we maintain the nuclear powered submarines and as we regulate the nuclear powered submarines. This is a body of work that will get even larger, as you can imagine, and will continue for decades with our partners.

**Senator BIRMINGHAM:** I have no doubt about the scale of that. But in that sense, at this stage, pending next steps by governments around the optimal pathway, the task force is continuing to provide leadership within Defence and government for whatever the next steps may be; is that right?

**Vice Adm. Mead:** That's correct. As you know, the task force is a whole-of-government task force, with people from a range of different agencies and other government departments.

**Senator BIRMINGHAM:** Minister, Vice Admiral Mead made reference there to the build in Adelaide. Can I just, on the way through, confirm it's still the government's intention for at least eight nuclear powered submarines to be built in Adelaide.

**Senator Wong:** The government will be making announcements about the optimal pathway. But the intention to build in Adelaide remains the government's view, as the vice-admiral has indicated.

**Senator BIRMINGHAM:** And in terms of the quantum of at least eight? Does that remain the government's position?

**Senator Wong:** We'll be making announcements about the optimal pathway.

**Senator BIRMINGHAM:** Have dates been put in place for those announcements?

**Senator Wong:** It's a matter for government—or governments.

**Senator BIRMINGHAM:** Has the Australian government made its decisions in relation to the optimal pathway, having received the advice from Vice Admiral Mead?

**Senator Wong:** The challenge with that question, Senator Birmingham, as you would understand from your previous roles, is it goes to the scale of the work Vice Admiral Mead was referencing. What is contemplated by 'optimal pathway' is—it involves a range of decisions by governments. The most open answer would be no. The context is because of the sorts of scale and time frames the vice-admiral has talked about.

**Senator BIRMINGHAM:** I'd almost interpret, from the way you framed that, that the answer is, 'Yes, we've made some but there are some still to go and there will be ongoing decisions to be made.'

**Senator Wong:** You can infer whatever you like. I refer back to my answer.

**Senator BIRMINGHAM:** Minister, if you were sitting here and I was sitting there—'Oh, but for', from my perspective!—you would ask me about the uncertainty created by not providing a date or the uncertainty created by not recommitting to at least eight.

**Senator Wong:** I think my questions were better than that!

**Senator BIRMINGHAM:** You would probably have asked it in a far more pointed way than I just did! I'm seeking to be appreciative of the sensitivities in this issue—

**Senator Wong:** I understand that.

**Senator BIRMINGHAM:** but I'm also calling out the fact that there are genuine uncertainties created by your failure to answer some of those questions.

**Senator Wong:** And I could then respond by pointing to the uncertainty created by your government, which tore up not one but two approaches to submarines—which has resulted in quite extensive delays which we are seeking to deal with. Leaving all the politics aside, we all know how important this capability is and we all know what an undertaking it is. There was a discussion before, which I didn't intervene on, which talked about the associated costs. I've said previously that, if you include both acquisition and sustainment, submarines are the

largest procurement the Commonwealth engages in. For the reasons you know, and as the former government said and we have continued to say, this is a critical capability for the nation. I would ask that you recognise that I am seeking to be quite careful about some of the questions you ask ahead of decisions and announcements by AUKUS partners. I would anticipate, and I know the Deputy Prime Minister will consider this, that appropriate arrangements will be made to engage with senior members of the opposition.

**Senator BIRMINGHAM:** Thanks, Minister. It seems to be taken as almost accepted wisdom across media reporting in multiple nations now that the announcement will take place next month and will be an announcement involving the three leaders in the one location; is that correct? And are there plans for the Prime Minister and any other ministers to travel for an announcement?

**Senator Wong:** Do you really think we're going to talk in Senate estimates about what Prime Minister Sunak and President Biden might be doing? I'm not going to do that.

**Senator BIRMINGHAM:** Well, it looks to the extent of media speculation and commentary, like others have been talking—

**Senator Wong:** Well, yay for them.

**Senator BIRMINGHAM:** within government or elsewhere.

**Senator Wong:** Of course you wouldn't expect us to.

**Senator BIRMINGHAM:** Can I turn to some of the issues around seeking to ensure successful delivery of AUKUS. Is the Australian government pursuing efforts to achieve legal and legislative changes in relation to ITARs and export controls or visas and workforce access with the United States?

**Mr Moriarty:** You are correct; the government is very active on that in terms of broadening the data-sharing arrangements. Some of it is ITARs and some of it is how the US and the UK deal with protected information. This is an issue that the Prime Minister has taken up. The foreign minister and the Deputy Prime Minister pursued this at AUSMIN last year. Subsequent to that AUSMIN meeting, we've had people travel to the United States for further engagement. It's a complex business. The centre of decision-making in the ITARs arrangements is the state department, but they draw on inputs from the Pentagon and other parts of the system. We have, at the direction of ministers, really stepped up our engagement to try and work out the best way of streamlining those approvals so that the delivery of AUKUS is not slowed down by these impediments. We respect the United States's and the UK's right and, in fact, need to protect sensitive technologies. We are just looking at the best way of facilitating the exchange of information to enable AUKUS to proceed as quickly as possible. I think it was dealt with at AUSMIN last year and we have followed up, following ministerial direction.

**Senator Wong:** If I may—and I think this is a very good question: these issues are critical to the delivery of this capability and to the success of the AUKUS partnership. That criticality is reflected in the priority we give to our engagement on these issues. In addition to the secretary, Mr Jeffrey and the vice-admiral can add to it, if you wish.

**Senator BIRMINGHAM:** Has Australia developed a concrete or relatively concrete proposition around the types of reforms or changes to processes that we believe are necessary that we are seeking to advance in our discussions with the US administration and the US Congress to try and make sure that they are given effect to?

**Mr Moriarty:** I think it's more appropriate to say that we are working collaboratively with our partners on this. They've asked us for some examples where their regulations or the way they interpret them have slowed things down. We've provided some of that information. We're working through the joint steering groups. We also have the defence industry division pursuing these channels. So it's a multifaceted approach. Our American partners tell us that there are different ways of approaching this, and they are also wanting to work out: what is the best way of taking this thing forward? What reforms of the system do they have within their own authority to pursue, and what possible amendments to legislation or other directives might need to be issued to facilitate this? So it's not a matter of us developing it and saying, 'This is the model that we want.' It's a much more collaborative process.

**Vice Adm. Mead:** If I could give you an example of some of the advances that have been made over the past 12 months: this time last year, no Australian had ever set foot in a naval nuclear reactor at sea or alongside. No Australian had ever been to the US naval reactor training schools or into their headquarters. Over the past 12 months we have sent hundreds of people through that system. We've had ministers, we've had naval officers, we've had defence civilians going through there. We currently have naval officers in the US studying naval reactor courses. We have naval officers studying naval reactor courses in the UK. I've been to the nuclear reactor facility in the UK and the shipyards in the US and the UK, as have many scores of other Australians. These were limitations that had been in place for decades, and just in the past 12 months the US and the UK have made

significant inroads in allowing access. I think this signifies the magnitude of the commitment from our partners and the Australian government on AUKUS. Yes, there will be challenges ahead, but I'm confident that we have developed a bit of a precedent here.

**Senator BIRMINGHAM:** I appreciate that. Thank you for those examples. Of course, there are the barriers and difficulties that can be moved aside administratively, and then there are those legal barriers that are in place as well, which, with all parliamentary or congressional systems, present their challenges and the need at some stage for a lot of specificity, drive and full-court advocacy to achieve those types of reform. Mr Moriarty, you've indicated that you're at the collaborative stage of trying to prioritise those. What sort of urgency do you give to achieving legislative reforms in the US to make this process easier? Are these reforms and is this collaborative approach looking beyond the nuclear powered submarine project to the other aspects of the AUKUS partnership?

**Mr Moriarty:** We are approaching it as a matter of urgency in the way that our ministers directed us to last year at the AUSMIN meeting. It's highlighted in the communique as an issue that we're working on. Are we looking beyond AUKUS? Yes. There are a number of programs—data sharing agreements, security frameworks and ITAR—we believe could be streamlined to our mutual benefit. That's the long answer. The short answer is, yes, we are looking beyond AUKUS.

**Senator COX:** Recently there have been quite a number of major flooding events, fires and other disasters which required members of the ADF to be deployed to those areas, most recently the Kimberley floods in my electorate of Western Australia. Areas impacted by the disaster were a majority of small and remote First Nations communities, and many of those community members speak English as a third or fourth language. Are you able to tell me what measures the ADF and the government are taking to ensure that the emergency response plans take language and cultural barriers into account?

**Gen. Campbell:** While colleagues are coming to the table, I'll say that the Defence Force—and defence more generally, but I'm going to speak of the Defence Force—has a very active program of seeking to recruit and retain Indigenous Australians. Currently, 3.1 per cent of the Australian Defence Force indicates an Indigenous heritage. We have, as you would know, some units that are particularly focused in remote and regional areas of the north of Australia. We don't have a strength in Indigenous language, but we do have a growing—and continuing to grow—appreciation of the importance of connecting to community, respecting country and acknowledging and seeking to support that in ways that contribute and build rather than disrupt or degrade. It's a long story, and it will be something that all Australians are involved in.

**Air Vice-Marshal Chappell:** Our support to states and territories is conducted through the National Emergency Management Agency in Home Affairs. They coordinate all Commonwealth-level response. We respond to state requests with and through them. In the case of the WA floods, in addition to General Campbell's response, I would offer that we were able to place some First Nations ADF members in the field in those local communities—one of the members I'm aware of was from the local community—to add to the response and add to the connection with those communities. There was significant positive feedback both from communities and from the WA authorities. I'm happy to provide further details around that, if you wish, on notice.

**Senator COX:** Can you tell me a little bit more about the level of engagement with community. Specifically, is that guided by elders? Is it in the way of information and resources? Obviously, culture and language being quite significant barriers, I appreciate that you have some guidance within the ADF, but I want to understand how much of that is dependent on individuals and not on the actual system to provide an adequate level of minimum training so that they can actually do that. I'm trying to understand that a little bit more.

**Air Vice-Marshal Chappell:** I'll add one or two comments and then maybe offer Chief of Army the opportunity to respond as well. When we respond to requests for any humanitarian or disaster relief, our people as a matter of course are looking to engage with the authority partners, in this case WA, and with local communities to gain the insights and input from those communities and their elders—in this case—to further aid the response of both the Defence Force and our partner agencies to bring help and aid to those communities. That is an active and well practised part of any response that the Australian Defence Force would make to disasters in Australia or indeed in the region or around the world. I'll offer Chief of Army the chance to make any comments he may wish to provide.

**Lt Gen. Stuart:** I can offer you two thoughts that might assist in answering your question. The first is a more general one. I'm responsible to the CDF for the Regional Force Surveillance Group, which are the units across the north of our country and which, in large part, are crewed by Indigenous Australians from communities. They work in their community areas. So we have a very strong connection with community and with elders and have a structured Indigenous liaison officer program that works across a range of networks—down and across communities and in the liaison we have through those units with communities and, in particular, with their elders.

The second is across the network of Indigenous liaison officers that exist in Army and, indeed, across the services. The third is through another network with Army's Indigenous elder Aunty Lorraine. So we look at it through a multitude of dimensions to try and make sure we build the cultural awareness. Aunty Lorraine provides me with cultural awareness, insight and competency and is part of any decision-making when it comes to how we interact with Indigenous Australians. So that's the more general point in terms of our approach.

More specifically, I was fortunate to visit our teams up in Broome for about half a day, and I met with one of the Indigenous landowners as well. I'd like to share with you an example of how that team were working. As Air Vice-Marshal Chappell said, we actually flew in a young Navy female NCO who was from Fitzroy Crossing. That was able to provide not only a great effect in terms of morale, in reuniting her with her family who was under pressure, but also a sense of reassurance in the community, in adding to the regional Indigenous liaison network. It also added to the connection that we have through the Kimberley Squadron of the North West Mobile Force.

Defence was asked to re-establish a ferry crossing at Fitzroy Crossing because the bridge had been destroyed. Rather than do that task, we were able, through the relationship we have with the five Indigenous landowner groups in Fitzroy Crossing, to seek their cooperation and agreement, which was secured through that liaison, to use the bulldozers and the other equipment that was required from the main roads department, to source the operators for that equipment through an Indigenous labour hire company in Fitzroy Crossing and to put the local council in the position of actually coordinating all of that effort.

To me, that certainly stood out as a really powerful example of our relationship with local community and our ability to understand culturally how the community worked and to work with them to achieve an outcome that the community required. I offer that as a practical example.

**Senator COX:** Great. Thank you for articulating that. Obviously, the connection to country is very important for First Nations people, and I know that even from Perth there was some coordination that I was involved in and that came across to ministers' offices here in Canberra. There's a level of respect and cultural appropriateness that needs to be exercised and understood more so in relation to removing people from country in these situations, so I appreciate the example that you've provided. I'm just keener to understand how, in the future, you will mobilise this, not just in one-off instances and being able to fly someone in but also through a more systemic or more structural approach to, particularly, disaster management or emergency management in these situations.

**Lt Gen. Stuart:** There was one example where we were also using our soldiers who are from those local communities, particularly those around Fitzroy Crossing and the many smaller communities in that vicinity who are part of the Kimberley Squadron, which has a presence in Derby, as well as Broome and Fitzroy Crossing. We actually have members of community as part of the Australian Army, and that connection we use not just in the Kimberley but right across northern Australia, from Thursday Island down to Cairns and all the way across to the Kimberley and down into the Pilbara.

**Senator COX:** Were there any instances of cultural practice that were part of any of those discussions, such as sorry business or men's or women's business, during the time of that disaster, particularly in the Kimberley?

**Lt Gen. Stuart:** I'm not sure about the specifics there. We certainly don't proceed until we've been welcomed onto country, and we have a great relationship with all of the communities that contribute their young Australians to service in the Australian Army.

**Gen. Campbell:** As Air Vice-Marshal Chappell mentioned, when the Australian Defence Force contributes an element of a humanitarian assistance or disaster response activity in Australia—or indeed elsewhere, but let's say in Australia—our contribution is directed by whomever might be the governmental authority in that area. Typically, in the Western Australian example, it's the Western Australian government, the head of their emergency services, and the local community council. Through their mechanisms, the elements of the Defence Force are tasked to do jobs. We don't necessarily have the choice of jobs; that's centrally coordinated in that fashion, but your critical point is how we do the jobs. By seeking to grow the number of Indigenous Australians serving in the Defence Force and to use the networks that Lieutenant General Stuart mentioned to undertake practices of welcome to country and broader awareness of Indigenous story in the areas in which we are based, we're trying to grow that sensitivity. That means that, when we find ourselves somewhere, our operational planners have pulled from across the force those who might be able to be of assistance because they've grown up there, but we're also bringing in people who know that the first thing they need to do is to be welcomed to speak to the elders, to listen to their concerns and to execute the task they have been given from that the central disaster-response authority in a way that is culturally appropriate.

**Senator COX:** Thank you, General. This is really a fact-finding mission that I'm wanting to explore. There is an essential policy that's guiding your approach, particularly from a practical perspective. I appreciate and understand the jobs that the ADF do, particularly in relation to a response in disaster management, but the cultural tenets of this are very, very important, particularly working on country, as you have already acknowledged. I look forward to having further conversations about that policy to guide this work.

**CHAIR:** Senator Shoebridge, do you want to continue with the Greens' second block?

**Senator SHOEBRIDGE:** I will. I was going to ask some questions about the budget for the Black Hawke helicopter purchase. Is that simply through you, Mr Moriarty?

**Mr Moriarty:** We'll get the right officers to come to the table.

**Senator SHOEBRIDGE:** To get us started, the purchase of the 40 additional Black Hawkes has been reported as a \$2.8 billion program; is that right, Lieutenant General?

**Lt Gen. Stuart:** We can confirm the exact amount, but that is the order of magnitude. Can I just add there, as a point of context: we looked at what was the original planned withdrawal date for the MRH-90 and then the purchase of the 40 additional Black Hawkes. The purchase of the Black Hawkes and their introduction into service, starting this year, will cost approximately \$2.7 billion less than it would have cost to continue to operate the MRH out to 2037.

**Senator SHOEBRIDGE:** But that's because of the excruciatingly insupportable cost of running the MRH90. So comparing it to running the MRH90 is not how you check value on a Black Hawk, is it?

**Lt Gen. Stuart:** I'm not suggesting that. What I'm offering to you is a point of context that—

**Senator SHOEBRIDGE:** If it involves putting the MRH90s on a boat and shipping them off somewhere, then we're on the same page.

**Lt Gen. Stuart:** I think we've had this discussion before.

**Senator SHOEBRIDGE:** Yes.

**Mr Moriarty:** Yes, enough.

**Senator SHOEBRIDGE:** So it's about \$2.7 billion or \$2.8 billion. How many of the MRH90s is that going to mean we can finally not just mothball but remove from the inventory?

**Lt Gen. Stuart:** It's a replacement program, and we're focused on making sure that the availability and the cost of ownership that we will be able to generate from operating the Black Hawk will deliver the capability we need within the cost envelope that is allocated.

**Senator SHOEBRIDGE:** But when are the 40 Black Hawks going to come on line?

**Major Gen. King:** The first three Black Hawks will arrive, we hope—we're planning—before the end of this financial year. Given that contract was signed with the US government last month, we'll see the first three aircraft arrive within six months, and then we will look to see that capability grow. I think we've learnt a really good lesson from the Chinook capability, where we've stayed aligned to a configuration with the US Army which has allowed us to accept aircraft that were originally identified for the US Army on the production line and bring them into service as quickly as we're doing.

**Senator SHOEBRIDGE:** I think the last time I checked, the overall life of the MRH90 program had about a \$7.3 billion budget attached to it. Is that the right figure, Lieutenant General?

**Lt Gen. Stuart:** We can come back and confirm that with you, but that's—

**Senator SHOEBRIDGE:** It seems about right?

**Lt Gen. Stuart:** in the order of magnitude.

**Senator SHOEBRIDGE:** Was some of that repurposed into this \$2.8 billion, or is the \$2.8 billion on top of the \$3.7 billion that has been set aside already for the MRH90?

**Major Gen. King:** I think we'll take that on notice and we'll be able to give you an accurate figure of exactly the source of that money and what has flowed out through MRH and in courtesy of Black Hawk.

**Senator SHOEBRIDGE:** Not much flows out through MRH90.

**Lt Gen. Stuart:** Senator, we'll come back to you with the exact figures, but if you think of it in terms of there being a certain amount of money that is forecast for the delivery of that capability, there isn't additional funding required to deliver that capability, above what was originally planned.

**Senator SHOEBRIDGE:** No, I don't think the budget had anticipated expenditure up to and beyond 2030 on the MRH90. You can't repurpose savings outside the current budget estimates to apply to your \$2.8 billion project, can you, Lieutenant General?

**Lt Gen. Stuart:** If you're talking across the forward estimates or across the life of type of an aircraft, we'll come back to you with those exact figures.

**Senator SHOEBRIDGE:** So is this \$2.8 billion wholly repurposed money from savings on the MRH90, or is it fresh money that you're going to have to seek from other savings?

**Lt Gen. Stuart:** I think it's fair to characterise it—I'll ask Mr Fairweather and General King to comment here as well—by saying that, within the aviation program, we have used the funds that are allocated to the delivery of the program outputs. So, no, before the decision on the Black Hawk was made, we weren't expecting to spend that money on that platform, but we will not be spending it on other things within the program.

**Senator SHOEBRIDGE:** Apart from the MRH90, what other savings have been required to free up the funds to purchase the Black Hawks?

**Mr Fairweather:** As Chief of Army said, we looked across a profile. There was the MRH90 sustainment funding out to 2037. There was also the MRH capability assurance program, which is money we would've invested into MRH to keep it relevant.

**Senator SHOEBRIDGE:** Just stopping you there, is that the warehousing money that we discussed last time?

**Mr Fairweather:** No, there was money allocated for MRH sustainment as we go forward. There was money allocated for the capability assurance program—I don't have those numbers in front of me, but it was a significant amount of money—and there was also the 2097 program, which is a special operations rotary wing program, which was cancelled by the decision of the Black Hawk because it will no longer be required. So that money has been relocated, as Chief of Army said, across the battlefield aviation program.

**Senator SHOEBRIDGE:** I assume it's intended to dispose of the Navy's MRH90s. Is that right?

**Mr Fairweather:** We'll eventually dispose of the entire fleet.

**Senator SHOEBRIDGE:** Can you tell me what the predicted date is to, first of all, take the last MRH90 out of service and, secondly, to dispose of it?

**Mr Fairweather:** The current plan is to remove them from service at the end of '24 and put them into a storage/disposal system. We're working on that approach now quite heavily. It's a very complex process. We first look at how we could use the components on those aircraft to keep the fleet going. There is a contingency period after that '24 date if there are delays in the Black Hawk schedule, which is prudent planning.

**CHAIR:** Sorry, Senator Shoebridge, I need to move the call on. I did fore shadow you had one minute left.

**Senator FAWCETT:** Can I ask a question just on the Black Hawks?

**CHAIR:** The officials won't be leaving. They'll still be here. Did you have one follow-up?

**Senator FAWCETT:** I like to know when the preview testing is scheduled for the Black Hawks given your policy says, even for military off-the-shelf acquisition, a preview should be conducted. Given the lessons we learned from the CH-47D and the additional and upgrade programs that are required for a standard American army helicopter before we can deploy it, are we aware of all the costs involved if we require any differences to the configuration used by the US Army?

**Mr Fairweather:** Chief of Army may wish to respond but there is a detailed T and E plan. We know the Black Hawk program very well. We have identified what we will need to do for that platform. There is test evaluation activity already commenced. There will be a Black Hawk out here for Avalon. There will be a series of test evaluation activities around that using eights and other resources and that will continue prior to entry to service and through its entry to service.

**Senator FAWCETT:** If you could take the details on notice, I would like to know when that is actually programmed to occur, and the scope if possible.

**Mr Fairweather:** No problem.

**CHAIR:** Secretary, did you have any follow-up to my questions on notice from this morning? You indicated you may come back. I just wanted to see if there was any update. Whilst Senator Van is asking his questions, you may be able to chase up the officials.

**Senator VAN:** I have questions about land systems. The officers at the table are probably the correct ones. First to you, Chief, I think it's pretty clear from open-source intelligence and the different defence commentators

around the world that small unmanned aerial systems, drones, are playing a major part in the battle in Ukraine. Would that be a fair assessment?

**Lt. Stuart:** That would be a fair characterisation.

**Senator VAN:** Going to Land 129 Phase 4B, which is a small unmanned aerial system project launched by land systems, I believe, last year, Major General King, can you update me on the progress of that, please?

**Major Gen. King:** Land 129 Phase 4B was born out of what was originally Land 129 Phase 4 in around 2016, 2017. It was decided, because of the rate of change of small uncrewed aerial vehicles, that we would look do it in a tranche approach. There was an initial buy of 78 Wasp AE small UAS purchased for Army, with an approach to look at a follow-on buy around now, about five years from when 4A was approved, to acquire the best and most modern small UAS's we could. That process is progressing. It has not yet presented to government but will be in short time.

**Senator VAN:** Correct me if I'm wrong, but were there four tenders put forward for that program?

**Major Gen. King:** Perhaps defer to CASG in relation to the tender evaluation.

**Senator VAN:** They can come up or put it on notice. Am I right in saying there were three Australian and one German contenders?

**Major Gen. King:** Again, I will take that on notice.

**Senator VAN:** There's very clear evidence that all three Australian participants in that tender have been told they're not being down selected.

**Major Gen. King:** That's a live tender at the moment. What's occurred to date—Mr Fairweather may wish to correct me—is we have provided advice regarding preferred and non-preferred. There's not been a down select at this point in time.

**Senator VAN:** So if three of four have been told they're not selected; that means one has been down selected. Is that correct?

**Major Gen. King:** Again, it is 'not preferred' as opposed to 'not selected'. This decision has not been presented to government, so it remains a live tender.

**Senator VAN:** Maybe this is for CASG: Did the request for tender change during the tender period, such that it went from having a maximum weight to a higher maximum weight?

**Major Gen. King:** In terms of the requirements, certainly Army has learnt a number of lessons around UAS. We have much larger UAS all the way down to a nano size. On that journey, as we've seen with the rate of change of the technology, we also learnt a number of lessons. We have identified that two of the characteristics around the small UAS that we value is in persistence—that is, how long it can remain in the air—as well as the quality and the abilities of the sensors on there—the cameras, the infra-red systems et cetera—that can provide that understanding. We have learnt along the path over those five years as the technology has improved.

**Senator VAN:** But even during the time the tender was open, you have learned these and changed the rules?

**Major Gen. King:** We've been on this journey with Land 129 Phase 4B since 2017. The technology has changed markedly. Our application of UAS across the spectrum of UAS has matured significantly as well.

**Senator VAN:** As it has in Australia. Maybe this is for CASG. Last year at land forces—I was there as part of the defence subcommittee—the biggest theme that we heard right across the show, from virtually every stand, certainly all those that weren't primes, was that the Australian government has been very, very good at funding innovation, especially in things like UAS, but to date there has been no acquisition of an Australian UAS. Why is the Australian taxpayer funding money for innovation that our defence forces aren't going to acquire? This seems to be a major gap in our acquisition structure.

**Mr Fairweather:** There has been a significant engagement around innovation. There's been one very successful one with the Spitfire. Its technologies provide very good capability that's now fielded on Land 219 Phase 3 delivered by Insitu. We have learned some lessons about how to engage with industry through our innovation process. The base of the UAS industry in Australia is very strong.

**Senator VAN:** But not strong enough to acquire?

**Mr Fairweather:** That's one of the problems we're facing. We're looking at how we can do more to lift that, to get both a viable and an affordable product.

**Senator VAN:** I can point to quite a number of affordable products, certainly far more affordable than the German one you have seemingly chosen for Bravo.

**Mr Fairweather:** It's a live tender, so I can't comment on that.

**Senator VAN:** I won't ask you to but I'm making a comment right there. So why aren't you working with these innovative Australian manufacturers to get them through that depth such that they can respond to these changing needs that don't seem to be communicated to them but get communicated to foreign companies?

**Mr Fairweather:** I can assure you that everybody got the same communication. There was no preferential communication to anybody. The Australian companies had a great deal of support leaning in through that process, particularly one or two of them that came through the Defence Innovation Hub and have developed very good products. We're working to see how we can develop those further.

**Senator VAN:** So taxpayers have spent money on innovating that product but the Australia Defence Force won't purchase it?

**Mr Fairweather:** There's no intent not to purchase; we need to get—

**Senator VAN:** You have heard of the 'valley of death' that small SMEs have to cross through?

**Mr Fairweather:** Absolutely.

**Senator VAN:** And without acquisitions it's awfully difficult to cross.

**Mr Fairweather:** Agreed. But we also need to balance the delivery of capability against that for the men and women of the ADF to operate it. All our contracts have very strong Australian industry content inclusions in them.

**Senator VAN:** I'm not sure that's quite true with the German model, but—

**Mr Fairweather:** That—

**Senator VAN:** that's not going to be a man-carried system, is it?

**Mr Fairweather:** No.

**Senator VAN:** Is there currently a man-carried system available to our soldiers?

**Mr Fairweather:** Sorry, a what carried system?

**Senator VAN:** A man-carried system—man-portable.

**Major Gen. King:** I'm happy to answer that. At the moment we have the Wasp AE, which is the—

**Senator VAN:** Isn't that being phased out?

**Major Gen. King:** That's a two-kilo platform. That's reaching the end of its life. In terms of man carriage, the platform you're referring to is about four kilos, so it is capable of being man carried—

**Senator VAN:** I'm hearing seven to eight.

**Major Gen. King:** That's not my understanding.

**Mr Fairweather:** And not my understanding either.

**Senator VAN:** Okay. I'll move on, because I want to make the most of my block. Mr Moriarty, this is from your opening statement—and I'll roll back to some questions asked at the last estimates, because everyone was blocking me, about how many Bushmasters we've sent to Ukraine. In your opening statement, and I don't want to misquote you, you said, 'That's why Australia has provided Ukraine with approximately \$655 million in support, including \$475 million in military assistance.' Is that your statement?

**Mr Moriarty:** That was the statement.

**Senator VAN:** Given that it has been established as a matter of fact that we have not yet sent half of the Bushmasters that were promised—less than half of the 90—how do you justify your statement that we've sent \$475 million? I know that you're going to say that there are operational procedures, and I'm not asking you to confirm the numbers that have gone. You can take this on notice—and it would be better—but how do you come up with that \$475 million which have been sent if it's blatantly true that we have not sent what we committed to over seven months ago?

**Mr Moriarty:** Senator, that is the scale of the government's commitment to military assistance—

**Senator VAN:** But it hasn't been provided yet. It might be committed but it hasn't been provided yet. There's a huge difference. You're lying to the Australian taxpayer—

**CHAIR:** Senator Van, I—

**Mr Moriarty:** No.

**CHAIR:** I would ask that you withdraw—

**Senator VAN:** I withdraw, but it's not the truth—

**CHAIR:** Withdraw, but maybe rephrase the question and also allow the secretary to answer the first part of your question before follow-up questions. Secretary?

**Mr Moriarty:** The government has made a commitment. The capability is being delivered. Some of it has been delivered already and we are approaching this in a methodical way. Some of it is sensitive—about the routes and the pace at which activities are going. I'm very conscious, Senator, that you've said it should all have been delivered by now. The department has approached it in a different way, that is the case. But the government has made a commitment to a value of military assistance to Ukraine and we are in the process of delivering on that government commitment.

**Senator VAN:** But providing and committing are two different things. We're coming up to the first anniversary of the war—forgive me if I'm wrong, but I'm roughly right—it's within a week or two. After we made our first commitment we had six Bushmasters in there. When the Prime Minister was in Kyiv in July he promised a further 90 on top of our 60. When I was in Kyiv there had been 31 or 32 delivered and I'm aware of another small number being delivered—and over eight have been destroyed. We're really not living up to our commitment to Ukraine, are we?

**Mr Moriarty:** I don't think that's—I won't engage on that question. I think the government has made a firm commitment to the defence of Ukraine.

**Senator VAN:** But a commitment and a delivery are two different things. Can you accept that?

**Mr Moriarty:** Governments make commitments, and then they have directed the department to deliver on that commitment, and we are doing so in a methodical way.

**Senator VAN:** But 'methodical' and 'slow' are two different things. All those Bushmasters could have been sent by LHD or commercial shipping well and truly by this point. Would you agree with that?

**Mr Moriarty:** We have looked at a range of options for the delivery of materiel. We've developed a plan and we are implementing that plan.

**Senator VAN:** I would love a private briefing on that plan, because at this stage I'm embarrassed for the Australian people by the lack of what's being sent to Ukraine.

**CHAIR:** Senator Van, the secretary has provided his response to your question. I do now have to move the call on.

**Senator VAN:** Thanks for your commitment to my 20 minutes!

**CHAIR:** Excuse me, there was no commitment to 20 minutes.

**Senator VAN:** You did; we had a discussion about it.

**CHAIR:** Senator Van, you're reflecting on the chair, and that's disorderly. Senator Shoebridge.

**Senator SHOEBRIDGE:** I've got a series of questions about Hunter class frigates. Who is best for that? I will start by asking what the current global budget is for the Hunter class frigate. I know it's a rude question, but we may as well start with the money. You get to announce the big number on your last day, Mr Dalton.

**Mr Dalton:** Thank you for that privilege, Senator.

**Senator SHOEBRIDGE:** That's okay.

**Senator Wong:** He loves answering questions!

**Mr Dalton:** In the portfolio budget statement paper, on page 113, the future frigate design and construction program, it will give you two numbers. The first number is the approved budget for the military acquisition part of the current approved project. That's \$6,121 million. Then there are the other inputs to capability, which include things like facilities, Navy training et cetera. At the moment, that's approved to \$1,020 million.

**Senator SHOEBRIDGE:** And what is it estimated to cost over the life of the program? Some much bigger figures than that have been floated around.

**Mr Dalton:** That's the approved—

**Senator SHOEBRIDGE:** I understand.

**Mr Dalton:** And I would just like to say that there is an approved budget. The total cost acquisition for the entire program is \$45 billion.

**Senator SHOEBRIDGE:** And that's not going to be enough, is it, to deliver the proposed capacity? We already know that's not going to be enough.

**Mr Dalton:** I think what we can say is that this is a program that will extend over 2½ to three decades. We are under a lot of pressure on the budget right now when we look forward because of the impact of global inflation rates, COVID, the war in Ukraine. That is putting a lot of pressure into our budget.

**Senator SHOEBRIDGE:** Well, it's not the war in Ukraine that's causing the problem on the Hunter class frigates.

**Mr Dalton:** But it is causing an impact on—

**Senator SHOEBRIDGE:** It's because they might capsize, they might get sunk—

**Mr Dalton:** That's not true, Senator.

**Senator SHOEBRIDGE:** they don't work.

**Mr Moriarty:** Senator, there's very high risk around the budget for the Hunter class program.

**Senator SHOEBRIDGE:** I will quote defence back at you: 'The acquisition and sustainment of the Hunter class frigate is not achievable within the allocated funding.' So, if it's not \$45 billion, what is it?

**Ms Lutz:** That is a risk. A risk is something that you will plan for and that you ensure you mitigate and control. That risk has been there since the *2020-21 Major projects report*, where it was identified after COVID that we had pressures on the supply chain. That is why we have that risk there. It's just like any risk that you would have, you need to mitigate and control. It is not an event that has occurred.

**Senator SHOEBRIDGE:** The other risk is that we launch them as currently designed and they get sunk, because, to quote again from Defence:

The delivered HCF (and future batches) has insufficient capability to counter current and emerging threats.

A layman could read that as saying that, if you launch them as they currently are into a conflict situation, they will get sunk. That's right, isn't it?

**Ms Lutz:** No. We previously raised the margin concerns, and we are ensuring that we are meeting all of our budget requirements, including the stability of the vessel. It is a risk that we need to manage because, as identified before, weight has increased. We did have an issue previously with our in-service weight growth margin, which we are now maintaining, and we are maintaining the other margins required. We are currently in design of four zones. Two zones have also been moved from spatial design, which is detailed design, into getting ready for production. So we now have a total of six out of the 12 zones through spatial design or in spatial design.

**Senator SHOEBRIDGE:** But it would put a hell of a hole in the budget, wouldn't it, if you sailed it out into a conflict zone and it got sunk, because—

**Ms Lutz:** Well, that is why—

**Senator SHOEBRIDGE:** Let me finish the question.

**Ms Lutz:** Sorry.

**Senator SHOEBRIDGE:** That's what Defence are saying when they say:

The delivered HCF (and future batches) has insufficient capability to counter current and emerging threats.

So it can't even deal with the current threat environment, let alone what it's likely to be when, or if, they eventually get launched. That's what it says.

**Ms Lutz:** It is a risk.

**Senator SHOEBRIDGE:** It's a hell of a risk.

**Ms Lutz:** It is not an event that has occurred. So it is a risk that we are planning for and mitigating to ensure, as much as possible, that it doesn't occur.

**Senator SHOEBRIDGE:** But there are a whole lot of complicated interrelated risks with this project, aren't there, because—

**Ms Lutz:** It is a complex project.

**Senator SHOEBRIDGE:** Let me finish.

**CHAIR:** Senator Shoebridge, I think the official is trying to actually answer your question, so could you allow her—

**Senator SHOEBRIDGE:** Yes, but I have to finish my question.

**CHAIR:** Sorry, I'm allowing her to answer your first question. Ms Lutz, do you want to continue?

**Senator SHOEBRIDGE:** No, Chair. I hadn't finished my question.

**CHAIR:** No, you were halfway through her answering your question and you interrupted, so I'm going to hand the call back to the official.

**Ms Lutz:** I'd just like to stress that it is a high-risk project. We are being open with our risks in the major project report. Nothing's being hidden. But these risks are not events that have occurred.

**Senator SHOEBRIDGE:** Well, of course they haven't occurred, because you haven't even launched one yet.

**CHAIR:** Sorry. Could you stop arguing with the official and actually put questions to the officials, please.

**Senator SHOEBRIDGE:** I do. As currently designed, it has insufficient capability to counter even current threats, and part of the problem, and why these risks are interrelated, is that you can't tack anything else onto it, because it's already at its maximum architectural limits on weight and stability. If you tack anything else on it, it will capsize. These are interrelated, complicated problems, aren't they?

**Ms Lutz:** When you're designing a complex surface combatant, everything is interrelated. That's why you identify the risks and you make sure, as you go through your design, that you are considering all of those aspects and ensuring that you are going to deliver a ship that is going to meet all of the weight margins and the other margins and be stable and be able to counter the current threat that it's designed for.

**Senator SHOEBRIDGE:** Yes, but I'm putting to you that these are interrelated and make the solutions extremely problematic. When you have a ship with its current design, which 'is approaching fundamental naval architecture limits on weight and stability', and then you have to tack on other weapons systems and defence systems to make it survivable, you have complex, interrelated problems which make it even less likely that it's going to be launched on time or on budget or meet its goals.

**Mr Griggs:** I don't agree. As I'm trying to point out, these are risks. They are not events that have occurred. We are mitigating and controlling, and we have a very flexible design in the ship as well.

**Senator SHOEBRIDGE:** Vice Admiral Hammond, is the Navy concerned that the delivered Hunter class frigates have 'insufficient capability to counter current and emerging threats'? Is the Navy concerned that, as currently designed, they won't be safe?

**Vice Adm. Hammond:** This is a complex issue. When you say 'current and emerging threats', they are multiple. We're talking about an undersea warfare threat and an above-water warfare threat—a missile threat. This ship was selected as the best option to mitigate the undersea threat. Principally, it is designed as an antisubmarine warfare ship. It is also designed with the most capable CEA radar that we will have fielded to date. In that sense, it will have a more capable air picture than anything we currently operate, and it is fitted with significant self-defence capability. Like the rest of the surface combatant force, we are looking at options to increase the lethality of its offensive suite as well.

**Senator SHOEBRIDGE:** But this defence data summary sheet is talking about its survivability. It can't meet current threats, let alone future threats, as currently designed.

**Vice Adm. Hammond:** Can I just ask, Senator, which product are you quoting from?

**Senator SHOEBRIDGE:** The product data summary sheet—page 144.

**Vice Adm. Hammond:** From the PDS?

**Senator SHOEBRIDGE:** Yes.

**Vice Adm. Hammond:** It absolutely is challenged, as is every other asset in the Australian Defence Force, with keeping up with the rate of change of the threat environment in the Indo-Pacific, which is one of the focal areas of the *Defence strategic review*. This is also one of those capabilities that have been and are being reviewed by the Australian government.

**Senator SHOEBRIDGE:** But these aren't marginal issues. This is the fundamental design. And, again, I quote from the PDS:

The current Design and Productionisation scope realises a Batch 1 design that does not form a suitable basis for future batches, given the expectation of further capability insertion into future batches.

In other words, as currently designed, you can't put this into long-term production.

**Mr Dalton:** Senator, what you're doing is reading one side of a two-sided story. There are two columns in that table. On one side are the risks that you are reading out, and they are real risks. We are not shying away from the ability for us to have to manage it.

**Mr Moriarty:** No—we wrote them.

**Mr Dalton:** We wrote them.

**Senator SHOEBRIDGE:** Correct. You wrote them, but we have to buy them.

**Mr Dalton:** On the other side of the table are the remedial actions that we are putting in place to manage those risks. As Ms Lutz has said, these are risks that we have to be conscious of. They are not realised events. We are working to put those mitigations in place to manage those risks. It's like when you buy a new car; there's a risk that you will have an accident as you drive out of the showroom, so you would put a seatbelt on. These are risks that we are managing in a complex program, and we have a range of mitigations in place to manage those risks. We want to be transparent and say that these are risks, and all of our programs have a similar range of risks to this.

**Senator SHOEBRIDGE:** If this was a new car, it would be uninsurable and unregistrable, given this list of risks. The new-car analogy is not a particularly good one for you, Mr Dalton, is it? No-one would drive this out of the showroom.

**Mr Dalton:** I don't necessarily agree with that either. The new cars go through the ANCAP testing series. You could choose a new car that only has a two-star rating, and you would pay a premium on your insurance for that. What we're trying to do here is balance those risks.

**Senator SHOEBRIDGE:** When you talk about the remedial action, it's not particularly persuasive, though, is it? For example, on the risk that the frigate design 'is approaching fundamental naval architecture limits on weight and stability, and is in danger of either exceeding one or more platform limitations', it says the remedial action is this:

The Project is tracking naval architecture limits and design margins closely through Head Contract deliverables such as the Margin Monitoring Program, the Quarterly Weight Report, and the Mandated System Review process. The next mandated review is the Preliminary Design Review planned for July 2023.

That's hardly something that's going to give taxpayers confidence that this is going to work. You're tracking a horrible problem. You're not solving it.

**Ms Lutz:** We have specifications that the contractor is required to meet. We are ensuring, tracking and, through the design, ensuring that we meet those requirements, and they are the margins and the architectural limits, including stability.

**Senator SHOEBRIDGE:** If it exceeds a platform limitation on stability—

**Ms Lutz:** It doesn't currently.

**Senator SHOEBRIDGE:** Let me finish. That's what it says: 'it's in danger of exceeding one or more platform limitations,' and two of those are weight and stability. If the Hunter class frigate exceeds a platform limitation on stability, it means it can capsize and go turtle. That's the truth of it, isn't it?

**Vice Adm. Hammond:** It is a risk with any ship design that, if you don't get the architecture right, it could capsize. This is the art of shipbuilding. You identify the risks, you be transparent about them and you put in action plans. There are layers, of course, below this in the shipbuilding program, which will mitigate these risks. Every time we send a ship to sea there is a risk of collision and there is a risk of grounding, and we have tactics, techniques, procedures and training systems that mitigate those risks to what we call an acceptable level. That is the art of shipbuilding. That is the art of ship operations.

I would caution against the interpretation of this product as an absolute definition that those are risks that are realised and therefore the program is in trouble, because I think it's a much different context. This is risk management in the early stages of design of this ship, and those risks are being—and should be, like in any shipbuilding program or in any house-building program—retired as we develop the program and as it matures.

**Senator SHOEBRIDGE:** But the explanation for how those risks are being addressed in this PDS sheet is, by and large, wholly unpersuasive. I put to the panel earlier the risk that the delivered Hunter class frigate, in future batches, has insufficient capability to counter current and emerging threats—the risk, if it ever gets launched, of it being sunk as soon as it goes into a conflict zone. The purported response to that is:

Ships Division, through the Maritime Integrated Warfare Systems Branch, to establish a Surface Combatant System Integration Service to support a spiral development strategy for the HCF.

If that's an answer to the problem, I will be very surprised—particularly when, if you want to tack any more systems on, you're going to aggravate the weight and stability problem that has been identified as a fundamental limitation.

**Vice Adm. Hammond:** Unless you create scope by retiring other capabilities.

**CHAIR:** Alright. I have to move the call over. Senator Lambie, you have the call.

**Senator LAMBIE:** On the frigates: seriously, once again we've got a procurement problem here. The frigates were announced in 2009 and, as I understand it, the first future frigate won't arrive until 2031, although I don't hold high hopes for that. The competitive evaluation process for the future frigate included a requirement that it be a military off-the-shelf. Is that still going ahead? Is that correct? Is the future frigate off-the-shelf, or can't you tell me that?

**Mr Moriarty:** As we said, the reference ship design for the future frigate is the Type 26. It is being modified to meet Australian requirements. That requires design work. That requires adjustments to the weight and the structure of the boat. It is being evolved from a reference ship design. It was not an off-the-shelf design.

**Senator LAMBIE:** So it's not an off-the-shelf design? How much time do you predict that's going to add to it, if we're leaving it in the hands of what we've seen in the previous 30 years to get this stuff done? I have to say, you're talking about 10 years of warning, but we were talking about this in 2009 and we are still sitting here.

**CHAIR:** What's your question, Senator Lambie?

**Senator LAMBIE:** Could you just tell us how we can have some faith in that being done and whether it's going to be done on time. We'd all like to know that, I'm sure. I just think, Mr Moriarty, we need to look at the past, and it hasn't been very successful since 2009.

**CHAIR:** If there aren't any questions—

**Senator Wong:** Senator Lambie—

**Senator LAMBIE:** Okay, I'll stop with that, because we're not going anywhere. But I would like to talk about SeMPRO, if I may.

**Senator Wong:** Chair, could I just respond please? This is a program about which, on the public record, previous defence ministers, including Senator Payne, have said patently the program has not progressed as per those announcements. The government has previously made comments—including, in opposition, by the Prime Minister—about the concern about this program.

**Senator LAMBIE:** I'm aware of that, Senator Wong, but there is a lot more instability around the world than what there was in 2009. They're telling me we have a 10-year warning; well, that doesn't look like much of a plan. It is worrying for our national security. Sorry; it just is.

**Senator Wong:** Senator Payne, I think, told the public in 2016 that the frigates would cost \$30 billion and commence construction in 2020.

**Senator LAMBIE:** May I have someone from SeMPRO, if that's okay.

**Senator Wong:** Or was it Pyne? It was Pyne, apparently. It was Pyne, not Payne—I apologise.

**Senator BIRMINGHAM:** Chair, I do want to cover some more on the frigates. It's up to you as to how you want to juggle that.

**Senator LAMBIE:** Sorry, I didn't realise there were more questions on the frigates. I do apologise, Minister.

**CHAIR:** I'll hand the call over to Senator Birmingham, and then I'll come back to Senator Lambie.

**Senator BIRMINGHAM:** Thanks, Chair. It gave the officials a chance to stretch their legs but not necessarily to move away! The department initiated a review in October last year into the Hunter class frigates—is that correct?

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

**Senator BIRMINGHAM:** When did that review complete or conclude its work?

**Mr Dalton:** The review completed their report last month.

**Senator BIRMINGHAM:** Was that in January?

**Mr Dalton:** Correct.

**Senator BIRMINGHAM:** What were the terms of reference for that review?

**Mr Dalton:** We'll take that on notice.

**Senator BIRMINGHAM:** Or: what was the scope of that review?

**Mr Dalton:** The scope of the review is to look at the cost schedule and risk across the Hunter class frigate program.

**Senator BIRMINGHAM:** Of course, there are a range of established processes in place that do look at risk and risk management. Has this review identified any variations to the risk that you had already identified in the documents that were being asked about before?

**Mr Dalton:** We're in the process of analysing the reviews' report. In fact, the Chief of Navy and I briefly discussed it yesterday and we're having a deeper look at it next week as part of the process of formulating the covering submission that would take that review into government. So it hasn't been presented to government yet.

**Senator BIRMINGHAM:** Was that review and its findings shared with the Defence Strategic Review?

**Mr Dalton:** It was.

**Senator BIRMINGHAM:** Who undertook that review?

**Mr Dalton:** It was undertaken by the surface ships advisory committee, which is an independent committee that provides advice on the surface shipbuilding program to Defence.

**Senator BIRMINGHAM:** Was there any external support or input—consultancies or otherwise—provided to that process?

**Mr Dalton:** In what sense?

**Senator BIRMINGHAM:** Did that panel seek external consultancies, audit support or other external support beyond Defence?

**Mr Dalton:** They certainly interviewed people beyond Defence. They interviewed—

**Senator BIRMINGHAM:** BAE.

**Mr Dalton:** BAE Systems Maritime Australia, as you would expect. I suspect they interviewed Saab Australia, Lockheed Martin Australia.

**Senator BIRMINGHAM:** But did they commission any work of their own in terms of other independent analysis, auditing, consultancy?

**Mr Dalton:** No.

**Senator BIRMINGHAM:** So the content of the review was a series of interviews and analysis of existing documentation—is that the nature and scope of the work that was undertaken?

**Mr Dalton:** Broadly.

**Senator BIRMINGHAM:** You've identified BAE and Saab. Was there anybody else that they engaged with?

**Mr Dalton:** Lockheed Martin Australia.

**Senator BIRMINGHAM:** Will the contents of that review be made public?

**Mr Dalton:** It's a matter for government to consider.

**Senator BIRMINGHAM:** Has the review resulted in any changes in scope to the project?

**Mr Dalton:** No.

**Senator BIRMINGHAM:** What, if any, were some of the key findings of the review or recommendations?

**Senator Wong:** Good try!

**Senator BIRMINGHAM:** I've got to ask! The fact that it hasn't resulted in any changes in scope at this stage indicates it didn't necessarily provide dramatic findings, noting the amount of work that had already been undertaken that Mr Dalton's highlighted around some of those risk processes.

**Senator Wong:** I think that's a non-sequitur, but, if you wish to make it, that's fine.

**Senator BIRMINGHAM:** Have there been any organisational changes to the way in which the government is managing this project?

**Mr Dalton:** It depends on how far you go back. In October last year, Defence did create a new group to look after the complex shipbuilding and sustainment programs.

**Senator BIRMINGHAM:** In October last year?—sorry, Mr Dalton.

**Mr Dalton:** The department did create a new group to look after the complex shipbuilding and sustainment programs.

**Senator BIRMINGHAM:** Was that subsequent to the receipt of this review?

**Mr Moriarty:** No; subsequent to the receipt of this review we've made no changes, but during the course of last year we made some changes on the ground in Adelaide in terms of how we interacted between the department and the prime. We've changed some of the reporting arrangements. The Minister for Defence Industry has given us some directions on how he wishes us to proceed. The defence minister is also very closely engaged in looking at the Hunter program.

**Senator BIRMINGHAM:** In September last year, just before the government initiated this piece of work, BAE Systems Australia's maritime managing director, Mr Lockhart, said, 'Service day for ship one is in the last quarter of 2031, but we're targeting 2029.' Does the review support the assessment that 2029 is feasible to target?

**Mr Moriarty:** I'm not prepared to go into the contents of the report.

**Senator Wong:** That's the same question, isn't it? I mean, you're going to the content of the review which is under consideration, so we're not going to—

**Senator BIRMINGHAM:** Does the government now support an assessment that 2029 is feasible to target?

**Senator Wong:** That's the same question.

**Senator BIRMINGHAM:** You could have formed that conclusion without it being related to the review.

**Senator Wong:** I have sat on that side of the table for many years asking questions about this program, and each time, with respect, budget and time frame have got worse.

**Senator BIRMINGHAM:** So does that mean you do not support that assessment?

**Senator Wong:** So you're asking me now, despite that experience, to give some guarantee about the time frames of a program which, frankly, under your government, experienced budget blowouts and delays, leaving aside the weight and stability issues which have been previously canvassed. We have received the report or review. Obviously government will consider it.

**Senator BIRMINGHAM:** There are issues that have been canvassed. Equally, there has been public commentary. There are issues that have been canvassed over the years, you're right, and the government took a decision in relation to publicly declaring a changed time frame. However, the contracted builder is indicating a belief that that can now be brought back in closer to the original scope.

**Senator Wong:** I assume you're not here representing BAE.

**Senator BIRMINGHAM:** Does the government have an assessment of that?

**Senator Wong:** I assume you're not here representing them.

**Senator BIRMINGHAM:** They're public comments. I'm asking about their public comments. We don't need that sort of commentary.

**Senator Wong:** Does anyone want to respond to BAE?

**Mr Dalton:** The only thing I will say right now is that batch one is not on contract yet. When we put batch one on contract we'll have milestones that we'll hold BAE accountable to deliver against.

**Senator BIRMINGHAM:** What is the time frame for contracting of batch one?

**Ms Lutz:** By quarter one of 2024.

**Senator BIRMINGHAM:** Q1 next year, thank you. Is it still the government's intention that there be nine frigates built?

**Mr Moriarty:** That's the government's stated intention.

**Senator BIRMINGHAM:** It took a long time to say that, Mr Moriarty.

**Senator LAMBIE:** Then we're going to be done by 2031.

**Mr Moriarty:** All major capability decisions are subject to the consideration of the Defence Strategic Review. We look forward to going through that piece of work and, as we say, working to analyse it and provide advice to government.

**Senator BIRMINGHAM:** Are media reports that BAE has made an unsolicited bid to the government to switch three of the future frigates to air warfare destroyers correct?

**Mr Moriarty:** I saw that media report, but I have not seen an unsolicited proposal.

**Senator BIRMINGHAM:** Has a proposal that you may not be defining as an unsolicited bid been provided to government?

**Senator Wong:** We're not negotiating these matters through the media.

**Senator BIRMINGHAM:** I'm not suggesting you're negotiating them through the media. I'm trying to understand if there is validity to the media reports.

**Senator LAMBIE:** That's right, he said validity to the reports.

**Senator BIRMINGHAM:** Is there anything about that reporting that is true, Mr Moriarty or Mr Dalton, or are you literally seeing nothing from BAE proposing—

**Mr Moriarty:** All I can say is—

**Senator Wong:** It's the first time we've seen prime defence contractors, or people purporting to speak for defence contractors—I don't know which this is, I don't know what the phrase would be—but putting offers or raising issues through the media. Some people might say 'touting', Senator Shoebridge. I thought of that word, but I thought that might not be the appropriate one. I'm not going to be drawn, and I doubt the officials are going to be drawn, on speculation about that media report.

**Senator LAMBIE:** If someone puts something on the table and it looks okay, why wouldn't you consider it?

**Senator BIRMINGHAM:** I'm not seeking to be drawn on speculation aside from as far as whether events have actually taken place with Defence. In the last estimates I think we went through, indeed, the unsolicited bids from Navantia and did discuss the receipt of those and the government's handling of those.

**Senator Wong:** Did we do that? Did we actually do that?

**Mr Dalton:** We did discuss that.

**Senator Wong:** What idiot did that!

**Senator BIRMINGHAM:** You didn't run interception then, Minister!

**Senator Wong:** Maybe I wasn't here. I just don't think—we all understand that people have their commercial interests. I don't think it is a helpful thing for ministers and Defence officials to respond to companies who are seeking, as I said, or purporting to seek to proselytise a particular proposition, generally a multibillion dollar proposition—

**Senator LAMBIE:** It's probably not a bad idea. It could be done faster.

**Senator Wong:** You think it might be faster, Senator Lambie?

**Senator LAMBIE:** I'm just wondering. If the proposition—

**Senator Wong:** It's the same company.

**Senator LAMBIE:** I'm not worried about the company. The proposition is we can build things quicker, instead of having this many frigates, we can do this—

**Senator Wong:** It's the same company which has given indications previously about cost.

**Senator BIRMINGHAM:** It was such a long and pregnant pause to receive an answer as to whether the government remains committed to nine frigates being built.

**Senator Wong:** I was waiting to see what Mr Dalton would say.

**Senator BIRMINGHAM:** Has the government received, or is the government considering, any proposal that would vary from nine frigates?

**CHAIR:** Senator Birmingham—

**Senator BIRMINGHAM:** I'd at least like an answer to the question, Chair.

**Senator LAMBIE:** Take the question on notice.

**CHAIR:** Thank you, Senator Lambie. Being 3.45, we are scheduled to move on to other witnesses. We are going to have a private meeting for two minutes and then we'll return.

#### **Proceedings suspended from 15:46 to 15:52**

**CHAIR:** Thank you, everyone. We'll resume the foreign affairs, defence and trade estimates hearing. I will hand the call over to Senator Lambie, who has some follow-up questions, but before we do I think the secretary is trying to catch my attention.

**Mr Moriarty:** We're just responding to your questions.

**CHAIR:** Fantastic.

**Ms Perkins:** I apologise that I don't have the responses to all of your questions. We'll be working hard on those for you. To the specific question you asked me in relation to the review of potential training by ex-ADF members of foreign military forces, I can confirm that the defence minister in July 2021 was the Hon. Peter Dutton, and I can confirm that Defence provided advice about the issue on 8 July 2021, but I can't go into any more detail on the nature of that advice.

**CHAIR:** Thank you for that; I'll come back to you. Senator Lambie, you have the call.

**Senator LAMBIE:** We had a funding agreement with the Australian Maritime College. I have some questions about the Defence and Maritime Innovation and Design Precinct in Launceston at the Australian Maritime College. The previous government tweeted it was providing \$30 million in funding and this would provide 160

jobs in the region. The funding agreement was signed in July 2020 and promised \$3 million in 2020-21. Can you tell me whether that \$3 million was ever delivered?

**Vice Adm. Hammond:** I'll take that on notice. I came into the role in July last year. I'm aware of the Maritime College operating as an entity completely distinct from Defence. I visited the Maritime College in a previous role, when I was Deputy Chief of Navy. I'm not sure where the funding arrangement is. I don't think it sits in Navy. I'll take that on notice and give you a response.

**Senator LAMBIE:** That's fine.

**Mr Moriarty:** We can clarify for you what the funding agency was. I'm not aware of it being funded by Defence.

**Senator LAMBIE:** I'm just trying to work out whether or not we got the jobs and the money. It doesn't sound like we did.

**Mr Moriarty:** We'll take it on notice.

**Senator LAMBIE:** I'll just finish those couple of questions. I'm just looking at where that \$30 million has gone. You'll probably find out that there was supposed to be another \$15 million delivered in 2021-22 and another \$12 million delivered in 2022-23. I just want to know, if I may please, whether any of that has ever been delivered and, if so, how many jobs it provided. That's all.

**Mr Moriarty:** We'll take it on notice. If we are responsible for the program, we'll provide that. If not, then I will speak to the secretary of the relevant entity and let them know of your question.

**Senator LAMBIE:** Thank you. I would like to ask some questions on defence health and SeMPRO. I want to go to special forces testing and training and the report in the *Herald Sun* last week about them being a different breed. We know what has happened over the last five or six years. I'd like to know what additional training or resources are they receiving now to make them a so-called different breed.

**Lt Gen. Stuart:** I'm not familiar with that article.

**Senator LAMBIE:** Okay. What have you been doing to change the culture over there? Does that make it easier for you, Lieutenant General?

**Lt Gen. Stuart:** Absolutely. It's a good question. Thank you for it. The short answer is quite a lot, and much of it is independent. You'd be aware of the independent oversight panel, which comprises Dr Vivienne Thom, Professor Rufus Black and Mr Robert Cornall who provide independent advice. They have free access, of course, to Army and particularly to Special Operations Command and indeed the department to form their views, and they report directly to government. The late Mr David Irvine has also been providing a range of longitudinal assessments and advice to the Chief of Army. Major General (Ret'd) Coy and Warrant Officer Dave Ashley, retired former RSM of the Army, have also been providing the Chief of Army, the Commander of Special Operations Command and the chain of command in Special Operations Command with a range of mentoring, assessment and observations over a longitudinal period.

As you're probably also aware, Senator, reform, generally, in Special Operations Command has been underway for about a decade now. I am assuming that the term 'new breed' that you mentioned is the term that the journalist has used. That is a reflection of a range of improvements. You're right to point out that there's been a focus on ethical fitness, a focus on better teaming and teamwork, and I think it also represents over that decade the turnover of members of that command. For example, about 85 per cent of the Special Air Service Regiment today never served in Afghanistan, so that gives you a sense of the change from the turnover. Also, there's been a very significant change in terms of how we structured the transformation of special operations along functional lines, as part of its modernisation and orientation on the operational challenges of the day. It's now a different organisation in terms of what it's focused on doing, how it's integrated in Army and the broader ADF and interagency, and the focus on ethical fitness and a better understanding of our performance in terms of behaviours that match the intent of the ethical and cultural change.

**Senator LAMBIE:** What about force fatigue? What happens if we hit a high tempo of operations again? Will your new processes help to keep our special forces soldiers healthy when there's no-one else to do the job and they're the only soldiers you put in harm's way? Are we going to see repeated rotations again and again? What have you done to fix that? I don't know how you'll fix it without building up that force. What answers do you have so that these guys aren't doing seven, eight, 10 rotations again in the future? What have we done?

**Lt Gen. Stuart:** We have done a range of things that extend beyond just Special Operations Command but are right across all parts of the ADF with the development of a respite policy. Rather than a 'one size fits all', we are focused on making sure we understand individuals and teams and the levels of tempo and fatigue, as you say, in

making the judgements when we think that people or teams are at risk. That's looking at the tempo and fatigue. We are also investing in resilience, again at the individual level and at the team level, to ensure that we set our people up for success. I think it's fair to say that throughout this entire journey—and, as I said, we've been doing this now for nearly a decade—we've learnt a lot and we have invited a range of external experts and professionals to help us to see ourselves and to improve our approaches, our processes, our policies and the focus on our people to ensure that what we're saying our policies are and our intent is, is actually matched by behaviours both at the individual and at the collective level.

**Senator LAMBIE:** So does that mean that the ADF and politicians have finally recognised that it harmed former generations of soldiers, having an extraordinarily high tempo, expectation of tempo of operations with minimal rest and respite for them? I think that's a fair question. Does it mean that the ADF has finally recognised that it has harmed former generations of soldiers with the expectation of an extraordinarily high tempo of operations with minimal rest and respite for them? Does the Army now understand that, and have you got that through to politicians before they send them back into war? It destroyed them, and you know that. And I'm asking you—this is the question we need to get at—have you realised this, that it is not functional to run these men that way?

**Lt Gen. Stuart:** Senator, I will answer your question with two points. We've certainly learned a lot. We are a linear organisation, and we have the ability to understand those impacts in far more detail, and also put systems in place to be able to see risk before it's realised. In terms of my accountability to ensure that we're looking after our people, that is a clear focus of what I come to work to do every single day. That's the 'say'.

In terms of the 'do', the Army people capability system and the campaign plan that sits under it are all designed to implement what we've learned and includes best practice in how we look after the mental, physical and moral wellbeing of our people. We're measuring how we do that so that we can understand where there's risk, whether that's in a particular part of the force, whether that's with individuals, and also making sure that we've then got the welfare and the health support both for our soldiers and, importantly, for their families and support systems to ensure there's a holistic view of making sure that their wellness and wellbeing is taken care of.

There's no doubt that there are people in our community—serving, ex-serving—who have had a negative experience or have been harmed in their service. My aim is to make sure that everybody has a positive experience of their service, which is the majority of people. Where we haven't met that obligation or undertaking—that, No. 1, we are making sure that we are looking after those people as best we can, or we have them connected with support services, and No. 2, we learn from that and change the things that aren't working as well as they should be to ensure that they are in the future.

**Senator LAMBIE:** So if you've learnt from that, if you know, rotation after rotation, that the only way to avoid that is by having more men in boots over there and more commandos, have you asked this government to put more boots on the ground both in our special services and in our commando units? Have you done that?

**Lt Gen. Stuart:** As part of the special forces modernisation program—we'd be very happy to brief you on that separately—we don't see a large growth. But it's managing the change in function and also the operational tempo, through all the points you just mentioned, to ensure that individuals and teams are managed closely and we don't repeat some of the operational tempo impacts that have occurred previously.

**Senator LAMBIE:** Okay.

**Lt Gen. Stuart:** But the short answer to your question is, no, there is not currently a proposal. But we do have a strategy and a plan that reorientates our special operations capability along functional lines—special recovery, strategic reconnaissance, strategic strike and technical enablement. To your point about men in boots on the ground, actually there's a growing number of women in our special operations capability across those functions. We look at operators, integrators and enablers to make sure we're best managing the workforce. Again, we're very happy to provide you with a more in-depth brief, if you like.

**Senator LAMBIE:** I will get that, thank you very much. I did want to ask some questions on SeMPRO, but that's okay. I'll finish with that lot.

**CHAIR:** Thank you very much, Senator Lambie. I will come back to you. I'll hand the call to the Greens. Senator Whish-Wilson has the call.

**Senator WHISH-WILSON:** You've probably noticed that there have been some bizarre and, frankly, confusing events over the skies of our two closest allies, the US and Canada, in recent weeks. I want to follow up on my earlier line of questioning from previous estimates around unidentified aerial phenomena. Since then, we've seen a task force established in the US, a heightened level of surveillance and the detection of increased anomalous and identified or mysterious phenomena. In recent weeks, we've seen both the Canadian Prime

Minister and the US President authorise that these objects get shot out of the sky. Have you looked at the report from the Office of the Director of National Intelligence since its release?

**Air Marshal Chipman:** I have, Senator; I am aware of the report. I'm also aware that the report noted that there are unidentified aerial phenomena but noted that there's no evidence of them being extraterrestrial. It just noted the fact that they need to continue to look at the safety and security implications of unidentified objects that are in their sovereign airspace.

**Senator WHISH-WILSON:** By the way, I never said that they're extraterrestrial. I don't think anyone involved in the task force has said that either. Out of the 500 new reportings—many of them by air force pilots like yourself—many of them can't be identified, and a number of them were identified, for example, as balloons. This is an evidence and science based process to try and get to the bottom of this issue.

The US Congress had a briefing today from your equivalent over in the US and a number of other very high-ranking military officials. They're saying that this is a matter of international significance, that these objects are balloons or potentially surveillance aircraft, so this is an international issue. Have you had any briefings in recent months from the UAP task force or the Pentagon in relation to this issue?

**Air Marshal Chipman:** No, Senator.

**Senator WHISH-WILSON:** Have any defence attaches had any briefings?

**Air Marshal Chipman:** We were briefed on the recent incidents that were related to the shootdown of what has been attributed to China's balloon that was over the United States of America. We don't know if we were one of the 40 nations that were referred to in the press briefing, but we have been briefed by the US, and we have sought additional information from them through the air attache in Washington.

**Senator WHISH-WILSON:** So that's specifically in relation to the Chinese surveillance balloon or spy balloon, or whatever you want to call it. What about the three other objects?

**Air Marshal Chipman:** We have sought information in relation to those four incidents—yes, Senator.

**Senator WHISH-WILSON:** Why have you sought information in relation to those?

**Air Marshal Chipman:** Because we would like to know what the source of the unidentified object is. We would like to know what the identity of it is, and we would like to know how the US has responded to it so that, if we had something similar in our airspace, we could take advantage of the learning from that.

**Senator WHISH-WILSON:** Can we just for a second assume that they're balloons, which is the most likely scenario on the face of the evidence or the comments—I won't say evidence—that are being made? This week I asked CASA a number of questions around commercial airline space and safety. I also asked the Bureau of Meteorology, which launches balloons. Is it fair to say that radars can easily detect the signature of a balloon?

**Air Marshal Chipman:** It depends on the characteristics of the radar.

**Senator WHISH-WILSON:** But the Bureau of Meteorology assured me they have very good radar systems for the release of their balloons.

**Air Marshal Chipman:** We assess that it is possible using our radars to detect balloons, yes.

**Senator WHISH-WILSON:** CASA said that they have an Air Force or a Defence person they work with closely in case there are any potential safety issues around commercial flights. Is that correct?

**Air Marshal Chipman:** That's correct.

**Senator WHISH-WILSON:** Is that correct? They also said—they didn't say this directly, but they implied—that perhaps our weather balloons have gone into other sovereign territory before. Is that something that has happened in Australia's skies that we've detected before?

**Air Marshal Chipman:** I'm not familiar with any circumstances. I can take that question on notice.

**Senator WHISH-WILSON:** Would one of the reasons you've requested information be that it seems a bit odd that you would shoot a balloon out of the sky?

**Air Marshal Chipman:** That's a decision for the US government.

**Senator WHISH-WILSON:** Regarding the UAP task force, have any defence attaches in Washington, for example, had any briefings in the past 12 months around the establishment of this task force, separate to the issues that we've seen?

**Air Marshal Chipman:** No.

**Senator WHISH-WILSON:** No briefings at all?

**Air Marshal Chipman:** No.

**Senator WHISH-WILSON:** The UK government have recently said that they are now going to also look at their ability to detect, for example, slower-moving objects that might be balloons or surveillance balloons or other objects—drones; who knows. Is that something the Australian government might consider, based on your responses?

**Air Marshal Chipman:** I haven't been directed to do that by the Australian government, but I have asked our Air Commander to understand what capabilities we have in order to detect these sorts of objects in our airspace.

**Senator WHISH-WILSON:** Okay. I learnt from the Bureau of Meteorology and CASA that they have a program for this and they work with you; they were very confident that they have very good technology for at least our balloons. They also said that if any commercial interests were to release these into our airspace here they would need to get a licence to do so. Are you aware of other interests not releasing these illegally or not getting commercial—

**Air Marshal Chipman:** I'm not familiar with any circumstances like that.

**Senator WHISH-WILSON:** Okay. Would the Jindalee over-the-horizon radar be able to detect these kinds of—

**Air Marshal Chipman:** Senator, I don't wish to talk about the operational performance of our radars.

**Senator WHISH-WILSON:** Well, it's a significant matter of public interest around the world. These strange objects are—

**Air Marshal Chipman:** Senator, we're confident that we can detect balloons. But I do not wish to disclose how and with what systems we can detect them.

**Senator WHISH-WILSON:** Okay. I'll put some other questions to you on notice, but I just wanted to see whether you were in contact with the US about this.

**CHAIR:** We will now break for 15 minutes. I want to let the director of military prosecutions know that we have agreed as a committee to release them and the office. So, they won't be needed this afternoon.

#### Proceedings suspended from 16:18 to 16:37

**CHAIR:** Welcome back, everybody. Just to let everyone know, in addition to the Director of Military Prosecutions, we've also agreed to release Defence Housing Australia. So the plan, apart from the Department of Defence, is to get to the Inspector-General of the ADF, the Australian Signals Directorate and then the Australian War Memorial before we head over to Department of Veterans' Affairs.

**Vice Adm. Johnston:** Chair, if we might, we have one correction to a piece of evidence that we will get Major General King to read in.

**CHAIR:** You may. Please go for it.

**Major Gen. King:** Earlier, Senator Green asked me a question in relation to Black Hawk and briefing of members. I misheard. I understood it was senators; it was actually all members. I am briefing Mr Andrew Hastie tomorrow on Black Hawks' introduction to service.

**CHAIR:** Okay. We'll be sure to pass it on to Senator Green when she returns. I will hand the call over to the coalition. Senator Fawcett.

**Senator FAWCETT:** Can I have someone to the table who can discuss JP 9102?

**Mr Yannopoulos:** Senator, the Chief of Air Force will join us at the table. Secretary Griggs and senior people needed to go to another commitment. They thought the hearings would be over by now.

**CHAIR:** But he will be returning; that's my understanding.

**Air Marshal Chipman:** I've got the space commander and also CASG representative Air Vice Marshal Dave Scheul joining us as well.

**Senator FAWCETT:** We'll start off and they can catch up, and you can pass the ball if you need to. I couldn't find any mention in the PBS 2022-23 of JP 9102. I wonder if you can give us an update on the process and timing for the announcement of downselect and the forward estimates for spending on that project.

**Air Marshal Chipman:** We're still in evaluation, so I can't give you a specific timeline, but I'll invite Dave to comment where he can.

**Air Vice-Marshal Scheul:** Would you mind repeating your question?

**Senator FAWCETT:** I couldn't see any mention of funding provisions for JP1902 in the PBS. Given that we had originally been advised there would be a downselect in December, which was pushed out to January, and it's now February with no decision, I'm querying what's happening with the project.

**Air Vice-Marshal Scheul:** The project is still in the tender-evaluation process, and other than that, there's not much I can comment on.

**Senator FAWCETT:** If we've advised industry that a decision will be made in December and then that it will be a month later, has there been another update to industry that hasn't been advertised more broadly?

**Air Vice-Marshal Scheul:** There was an update given to the five tenderers in January that we were still in the tender-evaluation process.

**Senator FAWCETT:** Does the approach to the whole program remain the same or does this extension indicate that there has been some change either in the desired outcome or in the approach to the procurement?

**Air Vice-Marshal Scheul:** No, there has been no change to the procurement process. I would characterise the delay as representing the complexity of the project and the complexity involved in evaluating the five tenders.

**Senator FAWCETT:** Does it indicate any desire or imperative to change how the Commonwealth is seeking to procure a sovereign capability in terms of satellite communications?

**Air Vice-Marshal Scheul:** No, I wouldn't characterise it like that.

**Senator FAWCETT:** Can you give any indication to the committee of when you expect the evaluation process to be complete? Obviously, we don't need to know which tender—you wouldn't tell us. But is there an indication of time frame? Are we talking a month, six months, a year?

**Air Vice-Marshal Scheul:** We are approaching the end of the tender-evaluation process.

**Senator FAWCETT:** If you are still in that process, can I take it that no brief has been given to the minister to take to NSC in terms of an approval process?

**Air Vice-Marshal Scheul:** As far as I'm aware that's correct, yes.

**Senator FAWCETT:** Is anyone from CASG able to confirm there has been no brief that has been delivered to the minister for the NSC process?

**Air Vice-Marshal Scheul:** You're speaking to the member from CASG, Senator.

**Senator FAWCETT:** Well, if you're not aware whether one has been sent, Air Vice-Marshal—

**Air Vice-Marshal Scheul:** As far as I'm aware, there has been no brief given to the NSC.

**Senator FAWCETT:** In that case, we will leave that process there, and I'll look forward to an update when you're able to provide one. Could we move onto recruitment, please, VCDF? Ms Greig, I'm conscious that I asked you a question about this at the joint committee, and then I had to run off for a division and didn't hear the answers. I want to follow up on the answers to questions on notice from last estimates, talking around the change in both provider and direction in terms of the quality. Your answers to the questions on notice gave us a good indication of the procurement process, contracts expiring, how you went to market et cetera. But I'm interested to understand, other than changing provider, what your plan is to increase the number, the quality and the timeliness. The answers give an indication that, obviously, in the tender process the provider made a number of promises, but clearly your tender should've had a strategic approach to numbers and quality and timeliness of the recruitment process. I'm wondering if you can talk to us around that.

**Ms Greig:** In terms of it being a partnership, it is a strategic partnership. The volume, the velocity and then the candidate care are the three elements. I think we explained that in the reply to you, Senator.

**Senator FAWCETT:** If I can just say that the quality is the key thing that I'm concerned about. Your answer did highlight those three points. Volume, speed and care for the candidate are interesting and useful metrics, but, at the end of the day, what we want is the right people coming into the Defence Force. I'm interested to understand how we're targeting that.

**Ms Greig:** The quality, in terms of the criteria—we set the criteria for entry into the Australian Defence Force. Our partner, in working with us—and extending is our aim, encouraging more applicants to the Australian Defence Force—in looking at that applicant pool and all the steps that we are putting in place to ensure that we have a more contemporary approach, the provider working with us has to meet the standards that we set for entry into the ADF. As you know, that differs depending upon category and occupation within the Navy, Army and Air Force. The fundamental answer is that we set the criteria for the quality, and the provider works with us to meet those standards.

**Senator FAWCETT:** Part of the key concern I have as I look towards the procurement programs we have underway for a broader range of complex systems is that most of the figures that we get, as an oversight committee, are aggregated figures around the establishment that's been approved for Army, Navy and Air Force or for the APS, and general achievement in terms of recruitment versus retention. But, when you look at the

ability to deploy a capability, it often comes down to the specific competencies. I think the example I used in the joint committee was that Navy have not just engineers but high-voltage engineers, which are critical to the deployment of some fleets. My question is: how do we track the recruitment of a suitable person to fill those key capability roles as opposed to just generically recruiting people to join the Navy who might be interested in being an engineer or a mechanic?

**Ms Greig:** We have specific targets for particular categories. That's a fundamental point. Certainly, in terms of our current situation and the targets that we have for our technical versus more generalist occupations, we are working hard to meet those particular targets by technical, non-technical and so forth. They are quite specific. The other thing that I should mention, though, is that we also look at the trainability, so there's also a potential piece. In addition to what you might call the harder skill sets, the cognitive piece, it's also trainability and aptitude for the ADF. We use testing, but we also use psychologists in that process. It really is a combination of both—quite specific recruiting targets to some of the engineering and technical occupations you're touching on, as well as how this man or woman may adjust and thrive in the ADF through a very complex training regime for those that are highly specialised. I think you're trying to get to how the partnership with our new provider and our new system works to that.

**Senator FAWCETT:** Particularly because you have one KPI, which stakeholders have told us is important, it's taking far too long for Defence to recruit someone, whereas a software company or engineering company will employ them two days after they've knocked on the door. On the other hand, we have this requirement to make sure they'll be suitable for ADF service, that they have the potential to be trained and all those other factors. What I'm trying to tease out is: what's your strategy with this provider—I'm not really concerned about which provider it is—to achieve a quality outcome that will actually meet the service chiefs' and Defence Space Command's and others' needs for the people with the right job-specific competencies to enable them to deploy capability?

**Major Gen. Stothart:** One of the features of the contract we've entered into is the need for it to be data driven so that we go to where the right skill sets and people are from a target demographic perspective, rather than wait for them to come to us. Our market research is showing us that the propensity for service in the ADF is staying relatively stable between those who are very keen and have high propensity to serve and those who are positively disposed but relatively neutral—they will take another option if another option comes by. That seems to have been a factor that we've dealt with in the last couple of years.

So the new provider's going to use a lot of demographic and data analytics to identify where that target demographic is, as opposed to a centralised model of 16 recruiting centres with a webpage and other outreach mechanisms. The new model is going to be far more about taking recruiting to the people. It will be mobile and go to remote areas, with pop-ups in high-pedestrian-traffic areas that are where we need to be to be more seen more often and to engage more with that target demographic.

Part of the model is a Defence career discovery centre. It's a simulation type approach so that we can educate people better on each of the trades and categories for our services, to try and make sure that we get a fit for their motivation and their aptitude earlier on so that we can help educate them on what the options are to a better choice. It improves our ability to get them through.

If I could speak on the speed, the process and the candidate care, speed and candidate care are connected. We feel that, if we go quicker and give more surety, we'll keep people to work through the system with us. We do have a number of barriers to go through: mental health, physical health, aptitude for training, security clearance and criminal checks. There is a lot for us to get through to ensure that we are getting the right person who can then go and serve in high-pressure, high-demand, austere environments and do an operationally sensitive critical role, so there is a trade-off in time and preparation and motivation and the right candidate.

We've set ourselves a goal from submission of application to letter of offer. That's where we're measuring, and we're going to work very hard with set time frames with the services to ensure that we can comply with that time frame. Whilst we will take longer than many private enterprise providers or employers who can say, 'There was the interview; here's your letter of offer now', we will keep contact with them through the process to assist us to manage them through that process. We know we need to get even quicker than what we think our initial target's going to be, and we may be able to do that with things like provisional letters of offer, where we can say, 'Just pending this, we will bring you in and start to educate and train you.'

So there are a number of measures occurring across the recruiting system to speed it up, to be in the right place and to give more care to people through the system. We're also looking, if a candidate might be deemed unsuccessful for us, at other options that we can suggest to them or help them with, in other elements of the national security system of government and defence industry. So there are a number of strategies in place with the new contract.

**Senator FAWCETT:** I'd be interested in your comments about your plan for the transition from the existing provider and approach to this new approach. Secondly, for the mature state of the new system, given that capability managers are responsible for the raise, train and sustain function and the skilling and compliance of their personnel to those specific job categories, how responsive or adaptable is the contract you have such that, if the ADF's needs for particular skills or competencies or types of people change, the way the contractor works can respond rapidly and effectively to the ADF needs. Could you talk to the nature of the contract around that level of engagement with the people, capability managers, who actually need your system to work?

**Major Gen. Stothart:** If I could talk in a generic sense, there is a great, close cooperation with the services, the capability managers and the Defence Force recruiting organisation in the setting of targets, through workforce planning by category and trade, to build the right capability that the capability managers need. There is flexibility built into the contract on the basis of numbers but also by type of entrant category. There's a performance management framework that classifies types of entry and there are specific contractual arrangements around each of those generic entry types. Some targets are hard to meet; they're in high demand across the economy and we desperately need them as well. Then there are other targets which are less difficult to achieve and are not in as much demand across the economy. The performance management framework in the contract, speaking generically, has been factored in to scale by number but also to scale by type of entrant in terms of its importance to us from a capability perspective.

**CHAIR:** Last question, Senator Fawcett.

**Senator FAWCETT:** The transition was the other part of that question.

**Major Gen. Stothart:** We are currently in transition now. We entered into contract with Adecco, the new provider, in October—late October to 1 November. Transition will go to late June this year, and then we go into the first part of—our existing provider will then come off. Then from July onwards we are with Adecco and into a transformation phase. We've got to take over the current contract, the current system. Some arrangements will shift as that occurs. That's the transition phase to end of June this year. From July onwards we go into a transformation phase, where we adjust how we are conducting recruiting.

**CHAIR:** Senator Shoebridge.

**Senator SHOEBRIDGE:** I have some questions in relation to the Schiebel S-100 camcopter. Who's best to deal with that?

**Gen. Campbell:** That will be Chief of Navy.

**Senator SHOEBRIDGE:** While people are coming forward, I'll put the first question. Am I right that that was a \$1.3 billion acquisition decision made just before the caretaker arrangements came in at the last federal election?

**Mr Fairweather:** There have been a couple of acquisitions of S-100s under different guises. Can you give a bit more information as to—

**Senator SHOEBRIDGE:** This is the 40 UAVs purchased from Austrian company Schiebel. It was reported as a \$1.3 billion decision made in the shadow of the caretaker period last year.

**Mr Fairweather:** We haven't made a decision for 40. Did you say four-zero?

**Senator SHOEBRIDGE:** Yes. I asked, first of all: is it a \$1.3 billion project? If it's more than that, let me know.

**Mr Fairweather:** No. I'm not quite sure where you're getting that, because that doesn't match with—

**Senator SHOEBRIDGE:** What do you have there?

**Mr Fairweather:** We have a much smaller one. Our 129 phase 5 is over a series of blocks; 129-5 phase 1 is the current block that is going through, but it's still subject to tender, so it hasn't been approved. The total approved budget at the moment is \$69 million to acquire, I think, three extra systems for the Navy while we work through the acquisition process.

**Senator SHOEBRIDGE:** Has there been any initial decision made about the Schiebel UAV?

**Mr Fairweather:** No. The only initial decision was made—we were operating the S-100 and the Insitu at 822X Squadron in Nowra as an experimentation, getting to understand UAS. We did acquire—I can't remember the exact number—a small number of extra S-100s to support the Navy until we got the Sea 129 phase 5, block 1, through the gate process, and that is still the subject of tender.

**Senator SHOEBRIDGE:** So how many of these Schiebel UAVs have been contracted for?

**Mr Fairweather:** I'd have to come back to you, because it's changed because we've taken some out and replaced them with some updated ones, so I'll have to get the exact number for you.

**Senator SHOEBRIDGE:** I thought you said three earlier.

**Mr Fairweather:** I think it was three that we acquired; we had some previously, but there's been a mix in the fleet, so I'll have to come back to you with that.

**Senator SHOEBRIDGE:** And is the \$69 million allocated against the Schiebel UAVs?

**Mr Fairweather:** Against those initial ones, yes.

**Senator SHOEBRIDGE:** Why was that done without a tender?

**Mr Fairweather:** It was the extension to the fleet we already had in place, so we were already operating that type, but none of the CPGs, as an extension of that capability. We could continue on with that capability.

**Senator SHOEBRIDGE:** But this is an area of military technology which is going through revolutions every six months, yet you decided to just tack onto an existing years old contract without tender. It doesn't seem like a sensible approach to either national defence or public funds.

**Mr Fairweather:** The reason we did that was so we could get into the 129 phase 5 block thing so we could get a constant refresh going. That was the intention. That was why we did it as a stopgap measure—it's not a permanent solution—so that we can continue on with more of a block upgrade so that we can be more responsive to those technology upgrades.

**Senator SHOEBRIDGE:** So you bought these ones in order to buy a different set of future ones? Is that what you're telling me?

**Mr Fairweather:** We bought these ones to keep that capability going whilst we go through the process of 129 phase 5, and block 1. Then there are block 2 and block 3. It enables us to keep pace with that technology.

**Senator SHOEBRIDGE:** Did Defence do due diligence in relation to Schiebel's deeply unsavoury sales to Myanmar of military equipment, in breach of EU sanctions?

**Mr Fairweather:** We did do due diligence, and there was no breach of sanctions.

**Senator SHOEBRIDGE:** Well, there are videos of this company's technology being used on Myanmar naval vessels. There are documents indicating that the Myanmar government spent US\$17.5 million on acquiring Schiebel's technology at a time when there were military sanctions in the EU preventing any EU corporation or country from providing weapons to Myanmar. Did you look at that material?

**Mr Fairweather:** Our understanding of our due diligence is that those sales predated those requirements, and they have done no sales since that time in breach of the sanctions.

**Senator SHOEBRIDGE:** Who undertook that analysis?

**Mr Fairweather:** It was done inside the department, within my own team and in other areas of Defence, to look at that. And that due diligence is ongoing. We're still reviewing Schiebel to make sure that they don't breach.

**Senator SHOEBRIDGE:** Have you followed the investigations that are occurring within the European Union in relation to the allegations of Schiebel's breaches of UN sanctions?

**Mr Fairweather:** I will have to take it on notice. We looked at quite a few things; I just can't remember where that one fitted in.

**Senator SHOEBRIDGE:** And, having formed the conclusion that this Austrian weapons manufacturer's trade with Myanmar predated the sanctions, can you advise us on what date you say those sales happened?

**Mr Fairweather:** I don't have that detail with me. We will get that back to you.

**CHAIR:** You last minute, please, Senator Shoebridge.

**Senator SHOEBRIDGE:** Could I just get an update on Defence's view about the two Iranian warships that transited through the South Pacific. I think they were the IRIS *Dena* and the IRIS *Makran*. They transited through the Pacific on, I think, Christmas Day last year. France's Pacific command revealed that they'd identified them near the Marquesas Islands. They then sailed across and passed close to the Solomon Islands. How close did they pass to the Solomon Islands?

**Vice Adm. Johnston:** I'm certainly aware of the transit of the two Iranian warships. I couldn't give you a precise distance. We would not have been in contact with them at that point. I could take it on notice and we would aim to answer it as best we can.

**Senator SHOEBRIDGE:** Were there any concerns raised or was there any proactive action taken with our Pacific neighbours in light of the fact that there were these two Iranian vessels transiting close to the Solomon Islands and through the South Pacific?

**Vice Adm. Johnston:** I'm aware that other nations were conducting surveillance because they were more proximate to those nations, but I've seen no evidence that the nature of the activities of those two vessels contravened any international law.

**Senator SHOEBRIDGE:** Is there any planning within Defence to address this as a future risk, given Iran's statement that they intend to step up their global patrols, including patrols within the South Pacific?

**Vice Adm. Johnston:** We do have arrangements for sharing information with our Pacific partners. That is a mechanism that is available to us now.

**Senator SHOEBRIDGE:** Can you advise us, to the best of your understanding, of the closest point that these vessels approached either Australia's territorial waters or our exclusive economic zone?

**Vice Adm. Johnston:** I'll take that on notice.

**CHAIR:** Thank you very much, Senator Shoebridge. Senator Van, you have the call.

**Senator VAN:** Chief—before you run away—I'm not sure whether this one's for you, but I'll kick off. I'm interested in the various exercises that the RAN does in Operation Resolute. The Indo-Pacific Endeavour 2022 exercise concluded in December 2022. Can you outline the involvement of the ADF in that exercise and what other nations were involved?

**Vice Adm. Johnston:** I know that Indo-Pacific Endeavour 2022 visited multiple countries. The nature of that activity was both the ships themselves and the concurrent fly in, fly out teams visiting other countries to improve access and to use the complementarity of our visits. We don't have that data. We will have to get back to you and give you the precise countries.

**Senator VAN:** On notice is fine. Has the planning for this year's exercise begun?

**Vice Adm. Johnston:** Yes.

**Senator VAN:** When will it occur?

**Vice Adm. Johnston:** I think it's in the second half of the year. Planning is well underway to support that activity.

**Senator VAN:** How many other regional presence deployments are planned for 2023?

**Vice Adm. Johnston:** There are multiple, to various parts of the Pacific and South-East Asia, in addition to Indo-Pacific Endeavour. I'd need to come back to you with the precise number.

**Senator VAN:** Could you do so, on notice. Also, how many vessels usually take part in these, what vessels will be involved, how many ADF will be involved and what other nations will be involved? That would be very helpful.

**Vice Adm. Johnston:** Certainly. We'll take that on notice.

**Senator VAN:** Has the RAN been ordered to redirect resources from regional exercises to support Operation Resolute following the government's changes to visa settings?

**Vice Adm. Johnston:** The Defence Force generally surges as is required to support Operation Sovereign Borders. The ADF is available to the government to be employed in that nature, and we are currently providing surge support.

**Senator VAN:** The Minister for Home Affairs put out a media release that stated:

The Australian Defence Force and Australian Border Force are patrolling our waters to intercept and return any boats that try to enter.

Is this a reference to business-as-usual practices, or has Defence stepped up to support Operation Resolute?

**Vice Adm. Johnston:** We are currently surging to support Operation Resolute, yes.

**Senator VAN:** You are surging.

The Defence PBS from October shows a forecast increase to the Operation RESOLUTE budget in 2022-23 of about \$10 million or \$14 million up from the March budget. Was this increase made to reflect the pending changes to visa settings?

**Vice Adm. Johnston:** The operational support is more dynamic than that. I don't expect we would have anticipated that in a financial contribution sense. So I don't think it was made in advance expecting that the current surge was taking place.

**Senator VAN:** Have any countries requested additional Royal Australian Navy presence in Australia's northern waters following the decision to allow 19,000 temporary visa holders to move to a path of residency?

**Vice Adm. Johnston:** That's a question better posed to Home Affairs.

**Senator VAN:** Okay. Has Defence engaged with its counterparts in Indonesia and Malaysia prior to the announcement and post the announcement on the potential risk of increased people-smuggling in our northern waters?

**Vice Adm. Johnston:** Again, that would be for Home Affairs, who leads that activity, to perform.

**Senator VAN:** Thank you.

**CHAIR:** I return the call to Senator Shoebridge.

**Senator SHOEBRIDGE:** I was going to come to this later, but we may as well go to this now. Vice Admiral Hammond, it was reported at the end of last year that two Australian vessels, HMAS Hobart and, I think, the auxiliary tanker HMAS Stalwart sailed close to the Spratly Islands and were challenged by the PLA. Are those reports correct?

**Vice Adm. Hammond:** I'm not accountable for operations. I provide these ships and teams to the Chief of Joint Operations, where those activities are conducted. I'll defer to the vice chief for any reports on operational activity.

**Vice Adm. Johnston:** Our ships, as you are aware, are regularly in that region. We commonly have an interaction with PLA forces in the South China Sea. So it would not be uncommon for that to occur. I'm not aware of the explicit nature of the interaction you're referring to.

**Senator SHOEBRIDGE:** It seems, on one view, that this is a deliberate provocation, to sail close to the Spratly Islands knowing that it's going to provoke a response. It has all the hallmarks of a deliberate provocation of the PLA. Was it intended as that?

**Vice Adm. Johnston:** We transit through the South China Sea conducting port visits to countries in the region. We act consistent with international law in doing so. I don't see why that would be a provocation.

**Senator SHOEBRIDGE:** Alright. It was obviously going to be a provocation and was treated as a provocation, it would appear, by the response of the PLA, as I understand. Is it true, as some reports suggest, that the Chinese military had been closely tracking the vessels and showed a significant increase in tactical acumen and use of electronic warfare capabilities in response?

**Vice Adm. Johnston:** That's a level of detail I'd hesitate to offer an insight into beyond a comment: as the capacity of the Chinese military forces grows, through its navy and air force, you would expect that they would be more present in that area and therefore have the capacity to show greater interest in other countries that are also operating in that area.

**Senator SHOEBRIDGE:** I'm all for supporting the laws of the sea, international navigation and Australia asserting those rights. I think those seem like good international norms to set. But, if you look at it in reverse, if a Chinese flotilla sailed extremely close to Norfolk Island or sailed extremely close to some other Australian territory, we would see it as provocation, wouldn't we? We would see it as deliberate provocation. There would be headlines and anxiety. Do you agree that that would create headlines and anxiety in Australia?

**Vice Adm. Johnston:** It might create headlines, but it's not the same as me saying it's a provocation. We have had Chinese vessels operating in our water where they do stay consistent with international law. We respect that.

**Senator SHOEBRIDGE:** If we want to de-escalate the tensions in the Pacific, does Defence consider its actions from the other side of the desk? I mean, these actions could well be seen as provocative by foreign countries. Particularly, in this case, it seems to be almost a deliberate provocation on China. If the boot were on the other foot, we would see it as a deliberate provocation, wouldn't we?

**Vice Adm. Johnston:** No, I don't agree.

**Senator SHOEBRIDGE:** Are those kinds of considerations a part of decision-making when Australia's vessels are being sent on operations in the Pacific—how they would be viewed and perceived by other players?

**Vice Adm. Johnston:** Our activities in the Pacific, as everywhere, are very carefully considered. They are consulted on with other government agencies and stakeholders to make sure that the actions that we do are consistent with Australia's intent.

**Senator SHOEBRIDGE:** Alright. Consistent with Australia's intent. I ask you, if a commensurate action was being taken by that country against Australia, do you consider whether or not we would consider it to be provocative and destabilising? Do you consider that?

**Vice Adm. Johnston:** Senator, that's what I sought to answer. Those activities do occur in our waters. Where they are consistent with international law, we respect that.

**Senator SHOEBRIDGE:** I'm going to move onto a different matter now. This is in relation to notations that were made or additions that were added to the US National Defense Authorization Act for fiscal year 2023 in relation to both submarines and B-21 bombers. I don't know who is best to answer this. I'm in your hands, Minister.

**Vice Adm. Johnston:** It might depend on the question, Senator.

**Senator SHOEBRIDGE:** Is the department aware of the resolution that was added to the US National Defense Authorization Act for 2023 that requested the US defence secretary, Lloyd Austin, undertake an assessment in relation to Australia for:

Alternatives that would significantly accelerate Australia's national security, including—

(A) interim submarine options to include leasing or conveyance of legacy United States submarines for Australia's use; or

(B) the conveyance of B-21 bombers.

Is the Australian government aware that that was included in the US National Defense Authorization Act?

**Mr Jeffrey:** I'm aware of the act and aware of the references you've made, and others would be, too, Senator.

**Senator SHOEBRIDGE:** I missed that last bit, sorry.

**Mr Jeffrey:** We are aware, and others—it's been in the media and there has been media reporting of those inclusions.

**Senator SHOEBRIDGE:** Was the Australian government consulted before that was included in the US legislation?

**Mr Jeffrey:** I would need to take that on notice, but the US Congress can issue resolution with or without consulting the Australian government.

**Senator SHOEBRIDGE:** Yes, but the question is: were we consulted?

**Mr Jeffrey:** I'll take that on notice.

**Senator SHOEBRIDGE:** I know they don't have to; the US does what the US wants. The question is: were we consulted?

**Mr Jeffrey:** We'll take it on notice.

**Senator SHOEBRIDGE:** Has there been any discussion between Australia and the United States since the passing of that resolution in relation to—and I quote from the resolution—'the conveyance of B-21 bombers' to Australia?

**Air Marshal Chipman:** We have not had any discussions with the US about the B-21 bomber.

**Senator SHOEBRIDGE:** Do you know if the US defence secretary, Lloyd Austin, has commenced the independent assessment?

**Air Marshal Chipman:** No, Senator.

**Senator SHOEBRIDGE:** You don't know whether it's commenced?

**Air Marshal Chipman:** I don't know whether he has commenced it.

**Senator SHOEBRIDGE:** Has the Australian government at any point indicated to the United States an interest in the conveyance of B-21 bombers to Australia?

**Air Marshal Chipman:** Not to my knowledge, Senator.

**Senator SHOEBRIDGE:** Sitting there as you do, can you say that no planning at all has been undertaken by the Australian Defence Force in relation to the conveyance of B-21 bombers?

**Air Marshal Chipman:** Not to my knowledge; no.

**Senator SHOEBRIDGE:** Could I ask then about the other aspect of that, which is interim submarine options, including leasing or conveyance of legacy United States submarines for Australia's use. Mr Hammond, is that you?

**Vice Adm. Hammond:** It's more appropriately Vice Admiral Mead's lane. We've both been involved.

**Senator SHOEBRIDGE:** I can repeat those questions, but it's the same questions I'm asking in relation to the leasing or conveyance of legacy United States submarines?

**Vice Adm. Mead:** Obviously the work that we're doing with the US and UK to develop an enduring submarine capability has been part of the optimal pathway, and I spoke about the components of that a couple of hours ago. The submarine is but just one of the nine components. We have provided advice to government on that.

**Senator SHOEBRIDGE:** Are you aware whether or not the US defense secretary has commenced an independent assessment in regard to the leasing or conveyance of legacy United States submarines to Australia?

**Vice Adm. Mead:** I'm not aware of what the US Secretary of Defense has done; no.

**Senator SHOEBRIDGE:** Has the ADF or the department in any way entered into discussions or negotiations with the United States about the leasing or conveyance of legacy United States submarines?

**Vice Adm. Mead:** Obviously we've had a lot of work with our AUKUS partners over the past 18 months. We've provided advice to government. I'm not in a position to share that advice at this stage.

**Senator SHOEBRIDGE:** How large is the fleet of so-called legacy United States nuclear submarines, Vice Admiral Mead?

**Vice Adm. Mead:** What do you actually mean by legacy? Are we talking about their existing submarine fleet? Then I'd probably hand this over to Chief of Navy, because they have different types of submarines in their fleet at the moment.

**Senator SHOEBRIDGE:** As I understand it, it is talking about older, perhaps recently mothballed or soon to be mothballed, US nuclear submarines when they speak of legacy United States submarines, but I was hoping that the Navy might have tried to understand what the United States Congress was meaning when they passed that resolution.

**Vice Adm. Johnston:** I can confirm that we have had no conversations about mothballed submarines.

**Senator SHOEBRIDGE:** Were any inquiries made of the United States about the US Congress's intent when it referred to legacy United States submarines?

**Vice Adm. Johnston:** I've made no inquiries about US Congress's intent.

**Senator CHANDLER:** I have a couple of follow-up questions from the [inaudible] matter which we briefly touched on this morning.

**CHAIR:** Sorry, Deputy Chair, we missed what matter.

**Senator CHANDLER:** The cameras.

**CHAIR:** We're struggling to hear. Could you repeat your question please?

**Senator CHANDLER:** I didn't get to ask it. I only foreshadowed it, so we're all good. Thanks very much, Ms Perkins; I'm sorry to get you back up here. There were reports in the media today about the removal of a Hikvision camera at RAAF Base Edinburgh. Nods are aren't on the *Hansard*, Ms Perkins.

**Ms Perkins:** Yes, there were media reports today.

**Senator CHANDLER:** So there was a Hikvision camera at that base at one point in time—is that correct?

**Ms Perkins:** I believe so. As I said earlier today, I want to be a little bit cautious about the individual security arrangements at different bases, and we took on notice to work that through and come back to the committee. You'll forgive me—my system, which has the details of the brief, has just frozen. My Associate Secretary has the details.

**Senator SHOEBRIDGE:** That's very ominous, isn't it, given the circumstances!

**Senator CHANDLER:** Perhaps it's fair enough that at twenty-five past five in the afternoon things start to slow down.

**CHAIR:** It's also an indicator that we are a bit over time, too!

**Mr Perkins:** That may be it. The battery will go next!

**Senator CHANDLER:** Has that camera since been removed—the Hikvision camera?

**Ms Perkins:** Yes.

**Senator CHANDLER:** And what was it replaced with?

**Ms Perkins:** I couldn't give you that detail, Senator. I briefed the committee this morning that the Deputy Prime Minister has instructed us to undertake a full physical audit of the estate to check for any remaining cameras. As we've designed that audit, the directions we've given the team are that they provide us more detail of

both what systems were found—to ensure that our digital records include the make, type and model of all of these types of equipment—and, where a system's been replaced, what it's been replaced with.

**Senator CHANDLER:** The reports in the media today suggested that it was replaced with a Dahua camera. Given that we've had security concerns raised about both of those types of cameras, I would have thought that defeated the purpose of replacing it to start with.

**Ms Perkins:** I am not aware of Defence providing information to support that media report—I certainly haven't. My team have been proceeding expeditiously but cautiously to ensure that we have the correct information and that what we're really achieving here is managing and mitigating potential security threats.

**Senator CHANDLER:** Again, in media reporting, a spokesperson for Defence said:

As at 2 February 2023, all registered systems have been removed from across the Defence Estate ...

Any additional systems that are discovered on Defence sites will be removed.

Have these cameras been removed or haven't they?

**Ms Perkins:** I think that comment refers to something that I also mentioned this morning. My team who manage the estate—the buildings and equipment on the estate—have a very detailed database that they refer to as the register. The way we've undertaken the work since late last year is to review the digital holdings, to check where we have security systems installed, and then to use that to go and remove those that remain. As I said this morning, of the remaining ones that we found, about half had already been decommissioned in the early works, so they were non-operational, and they have now been removed. We have a level of confidence that, of those registered in our Garrison and Estate Management System, we have got that number down to zero.

As I also said this morning, the estate is very large and often very remote, and we need now to check the 30,000-odd built structures to ensure that the data we had in the Garrison and Estate Management System was correct and that there weren't others that we weren't aware of. If we do find some, we will remove and replace them. That is the work that we've undertaken to have completed by April.

**Senator CHANDLER:** In effect, you're saying that, because your database is incomplete, you don't know that RAAF Base Edinburgh is free of all Dahua and Hikvision devices?

**Ms Perkins:** That is why we're undertaking the audit. The size and scale of the defence estate always makes it difficult to give guarantees. I'm always very reluctant to do that, and the direction to our team from the DPM is that—and we're refining that now to ensure that it is thorough and complete—it will be a physical audit, where people inspect and then update the register to ensure that we do have a really thorough look at this.

**Senator CHANDLER:** Will that audit be able to pick up an instance such as that that's been reported in the media today, where a camera—say, a Hikvision camera—may have been replaced by a Dahua one?

**Ms Perkins:** Absolutely.

**Senator CHANDLER:** So it will be somewhat historical in looking at what cameras have been installed at various positions through time?

**Ms Perkins:** That will absolutely be our intent: that we use this not only as an opportunity to deal with these devices. This will be quite a substantial undertaking in terms of staff effort, so, for that purpose, we've directed that this be the opportunity to capture better data and have greater confidence.

**Senator CHANDLER:** I'll just go back to your response before last. You said that there were around 30,000 devices?

**Ms Perkins:** No. Let me correct myself there. The defence estate exists over 2.8 million hectares. There are 70 major bases, 72 training ranges and more buildings than we can count accurately. We think there are about 20,000 to 30,000 built structures. A built structure might be an office building, a dog kennel or an observation tower on a range. I mentioned this morning that when we seek to assure ourselves of 100 per cent compliance, the physical action of checking every part of the estate to make sure some have not been missed is a very significant undertaking. As I also mentioned this morning, when we started looking at this issue back in 2018 we took very much a security and cyber-risk based approach. Work was done. What we want to do now, having assured ourselves of what we believe to be on the estate and having removed those remaining 43 systems that we found, is ensure that there aren't any that were not registered.

**Senator CHANDLER:** As in, you found them through your database and now you're effectively going around and manually checking?

**Ms Perkins:** That's right.

**Senator CHANDLER:** Do you have an estimate of what assets will be covered in your database, and what you think would be outside that in rough percentage terms?

**Ms Perkins:** No, but we will use this as an opportunity to get to 100 per cent. When we deal with the defence estate, the legacy nature of the estate is quite important. I anticipate we will be planning for parts of the estate that have joined us since 2018. We may have bought or leased a new building that we didn't have in 2018. We might be occupying different parts of the estate or using them differently, or there might be parts of defence that, for a variety of reasons, resolved their own security issues through the installation of cameras, and this is our opportunity to ensure we have one global picture of our security systems.

**Senator CHANDLER:** I recognise the legacy issues particularly around the asset management system, for want of a better expression, but I guess it is a little disappointing that we're not currently in a position where we can say with all certainty that, yes, these devices have been removed, particularly from a base like Edinburgh, which we know has a very important role to play within the Defence Force.

**Senator WHITE:** I just wanted to follow up on the questions that Senator Fawcett asked about recruitment and Adecco. I'm sorry I didn't ask it at the time; I've been pondering it. As I understand it, the context of the previous question was in relation to trying to get more recruits into the defence forces and what that would take, and you have changed providers. Has Adecco given you any advice about changing some of the conditions of employment of those new recruits? For instance, in the current market, having tenure linked to how much training you get might be a barrier to recruitment. Have they proffered any advice in relation to any of that, or is it just me going rogue?

**Ms Greig:** Internally, within defence, we've been looking at the whole system ourselves in terms of whether there are inhibitors or what the incentives are, particularly as there is always generational change and as aspirations change. The term that we use is 'a return of service obligation'. There are different return of service obligations for different categories and rank structures in the ADF. It is something that we've looked at. Indeed, in some cases, we have reduced that return of service obligation. I would say more of that work is internal. In terms of provider and partnership, we are absolutely looking at even more improved market research, as Major General Stothart mentioned. It's looking at a lot of that market research and a stronger understanding of the applicant community and their propensity to join against or in lieu of some of the internal reforms we can make.

**Major Gen. Stothart:** Yes, Deputy Secretary Greig is right. We are looking internally at what could be perceived as barriers; do we really need to require that of these young and sometimes older Australians seeking to join us? Initial entry fitness standards, medical standards required by personnel unlikely to deploy forward to deliver their effect, cyberspace, specialists, the duration or retention of initial minimum periods of service after we have given training and education, agreement on Defence health manual requirements for entry and where we can take different standards whilst maintaining ADF capability—we are critically looking at those things we require to ensure it is calibrated correctly for our requirements now and into the future.

**Senator WHITE:** It's return on investment, but it's the change in the world of work. I would be interested in whether you do any research—maybe I'll ask that next time. The thing you have got going for you is security of employment, which is few and far between in the workforce. Thank you.

**Senator FAWCETT:** I'm going to continue the personnel theme; you may or may not be the right people for this. Page 18 of the 2022-23 PBS talks about the Joint Transition Authority, which I welcome as a construct, and makes a comment:

- From 1 March 2022, transition support services for all SERCATs became fully operational ...

So, 12 months down the track, can I assume that we have reached essentially a FOC—a final operational capability—for the Joint Transition Authority in terms of how we work with people who are transitioning, particularly those who have complex needs?

**Major Gen. Stothart:** Yes, the Joint Transition Authority is deemed to have reached full operational capability. It is providing transition services for SERCAT 3, 5, 6 and 7 personnel—so that has opened up to our reserve workforce. The JTA is now also directly responsible, from a Defence people group perspective, for transition services, with the transfer of the transition and coaching and support directorate from one branch to another; that directorate used to be in the Defence Member and Family Support branch, the old Defence Community Organisation. That directorate has now moved to the Joint Transition Authority, so the JTA is now directly delivering those transition and coaching services as part of that transition and that move, and—you are right—delivering transition services to reserve personnel as well as full-time personnel.

**Senator FAWCETT:** One of the dot points talks about the fact that they are providing referrals for health and wellbeing services and support to ADF members and their families, and they are introducing additional measures

across human wellbeing factors such as health and wellbeing. I'm interested to understand: in practice, for a full-time member of the ADF who has one day or 20 years of service but has been injured through their service and has a complex range of needs and is well down the path of transitioning but is still in the ADF, is it the Joint Transition Authority who is responsible to coordinate support for them and their family in terms of health services, particularly if they are engaged in provision of care by the civilian health system as opposed to on a military base? Or is it, in the case of Navy, the PSU for that district? Is it the service headquarters? Who is responsible, under this current model today, for providing case management for an individual?

**Major Gen. Stothart:** I will go first; I can see my colleague the Surgeon General has joined us at the table as well. The unit-Navy-Army-Air Force chain of command—a unit commander, the CEO of a ship or a flying squadron—are responsible for the well being of their personnel. They are responsible to ensure that the services that are provided across the department and linking to civilian and other federal government provided services, state government provided services, are aligned for the benefit of that individual and their family as we monitor and manage their complex circumstances. The Surgeon General may speak about rehab coordination and coordination of health, both from a Defence and civilian sector of health perspective.

Our transition coaches will work with members and families to develop a transition plan, taking into account a number of wellbeing factors, to ensure, depending on their needs and their goals post transition, that the requirements have been met for them to have a safe and effective transition from a military centred life to a civilian centred life. We have a suite of programs we can offer to them to assist with that. The Transition for Employment program looks at some personnel with complex medical needs for specific coaching and support to assist them to get employment. The other factors that are considered are housing, education, transport, social connectedness and meaningful engagement. The transition plan takes a whole-of-life wellbeing approach to try and ensure the conditions are set for a successful transition. If we can't, then we'll look at other measures—including delaying that transition date while we get those conditions set, and, also, better handover and coordination of care with the Department of Veterans' Affairs and the Commonwealth Superannuation Corporation to ensure we're talking across the transition ecosystem, as we refer to it. I could go on.

**Senator FAWCETT:** No, that's fine. I'll come to the Surgeon General in one second. Within the Joint Transition Authority, where a veteran has a range of complex needs, do you provide an individual case manager so they're not required to coordinate their own engagement with the various parts of the ADF or civil health service and repeat their story each time they try and engage with someone? Or do they just have a generic phone number to ring where they need to essentially coordinate?

**Major Gen. Stothart:** The transition coach will assist them with the transition plan. The case management service you've just described is not yet a part of our system to help them navigate all the component parts of it. There is a rehab coordinator from Joint Health Command, a veteran support officer from the Department of Veterans' Affairs and information officers from the Commonwealth Superannuation Corporation. In terms of a one-stop shop case management across all the components of organisations that support transition: no, there is not at the moment.

**Senator FAWCETT:** Thank you. I will come to health. One of my concerns is: as we've gone through a number of inquiries—this committee has done some, and we've done some joint inquiries—we're seeing evidence from the royal commission that highlights that the protective factors that make suicide rates in service less than in the general population are about that community, the chain of command, the team—a whole range of things that are there. The evidence I'm seeing is that we still have situations where service people who are transitioning out of the service, particularly if they are ill, lose connection with their former unit and often come under the administrative control of a regional personnel support type unit. Some cases I've seen have had weeks in hospital with no contact from the ADF in terms of coordinating their ongoing care, and it's left to them and their family to try and facilitate and access care even if they're quite critically unwell. I'm interested, from an ADF perspective but also a health perspective, in what we are doing to close that gap if the transition authority is not picking up those kinds of clinical needs of veterans who are transitioning out of service.

**Rear Adm. Sharkey:** My role is also as Commander of Joint Health Command. I'll go to one of your earlier questions, about where responsibility lies with clinical case management and coordination for individuals who are serving full-time, including those individuals who are transitioning from the Defence Force. Certainly, that is within the Garrison Health System within Joint Health Command. Health care for serving Defence members is delivered through a system that incorporates what is largely a primary healthcare network delivered through some 49 health facilities that we have on Defence establishments. Those are the main entry points through which Defence members access health care. Connected to that system are relationships that we have with the civilian

health sector, both the private and public health systems. Through those, ADF members access a range of hospital based services and specialised and allied healthcare services.

We also recognise that there are some risks associated with those members who have particularly complex healthcare problems—particularly around transition—and also where ADF members may be away from their usual posting location or their home unit. It is for those reasons that we have developed a comprehensive suite of policies, processes and resources that are actually dedicated to healthcare coordination and case management functions, supporting and integrating with the command chain through welfare board processes. We do work quite closely with the Joint Transition Authority and also with DVA where there are patients with complex health needs who are transitioning. They need to be handed over to the DVA system when they have compensable injuries.

**Senator FAWCETT:** To my question before, about individual case management: JTA are saying that it isn't their responsibility at the moment. Is it Joint Health Command's responsibility or is it the responsibility of the veteran, or the service person and their family, to coordinate that care?

**Rear Adm. Sharkey:** Healthcare coordination is a function of Joint Health Command in the Garrison Health System. That is done through the clinical team, which may be coordinated by the general practitioner in consultation with the specialists who are in the multidisciplinary treating team which will look after the patient.

**Senator FAWCETT:** Is it your expectation then that if a person who is transitioning out of service happens to be critically ill and is admitted into a civilian hospital, and Defence are aware of that, that somebody would take responsibility to coordinate their care and to advocate for the provision of suitable care for that person?

**Rear Adm. Sharkey:** Certainly, it is part of the routine functions of our team in Garrison—it's in the policy and in the processes that we do deliver health care that is coordinated and in consultation with the civilian health settings. In short, it is our expectation, in policy and in process, that that coordination function occurs. We refer to it as 'casualty regulation', if you like. It's about ensuring that we have systems that enable us to maintain visibility of individuals who are admitted to a civilian hospital—to ensure that that health care remains coordinated, that we are communicating with the command chain and the person's unit about the disposition of that patient, and coordinating their access to best health care.

**Senator FAWCETT:** My experience, unfortunately, with large organisations, Defence included, is that policy and process do not always drive consistent good practice. What accountability measures do you have in place to ensure that your process and policy are actually being implemented in every case, for every service person who has served the nation as they are transitioning out, particularly if they have been injured through service and have complex needs?

**Rear Adm. Sharkey:** We have, as I sort of referred to, a complex healthcare coordination forum process that is overseen by the health centre managers and the commanders of the joint health units in our regional locations around the garrison health system that oversee that process and ensure that those systems and processes are working appropriately. Where we are made aware of an incident where the process hasn't worked as it should then there is also a comprehensive clinical complaints and incident management process that is undertaken to ensure that we are learning from and improving on incidents where we become aware of them.

**Senator FAWCETT:** Sure, which is fantastic. It is good learning organisation, but it is cold comfort to a veteran or their family who are going through something. In your command instructions, standard operating procedures, whatever framework you have, to get your garrison based health services, do you have triggers such as a particular event, admission to a civilian hospital, a particular condition of illness et cetera, that would flag that this individual needs to be individually case managed such that somebody, not a process, is taking responsibility for that service person and their family?

**Rear Adm. Sharkey:** Yes, those processes are in place. There are triggers. If an individual is admitted to a hospital or if an individual becomes unwell, there are notification processes that occur throughout the organisation both into the health system and into command to ensure that the welfare and coordination of the management of those individuals is triggered.

**Senator FAWCETT:** So if that process is working, what would your expectation then be in terms of personal contact with the service person or their family once that trigger event had occurred? Are we talking within a day, within a week, within a month, in terms of contacting the people who are providing care and providing both advocacy and case management to ensure that the most appropriate care for that person is being provided, either by or coordinated by Defence? What time frame are we talking about there?

**Rear Adm. Sharkey:** Some of that might depend on the acuity and seriousness and the individual circumstances of that case, but most certainly within hours that process should be triggered and an assessment

made of what the particular needs of that individual or of their family are, depending on the circumstances of that particular case.

**Senator FAWCETT:** We might take this discussion offline.

**Vice Adm. Johnston:** Senator Fawcett, if you have information or examples of individuals who have not received the care we would have wished, we would be appreciate of have information so we can follow it up.

**Senator SHOEBRIDGE:** There has been some confusion in media reporting about a statement the defence minister made in October last year where he stated that there had been \$6.5 billion in collective overruns for Defence projects. Is anybody in a position to identify what projects the minister was referring to in that October statement? I say this because some of the reporting is suggesting that the overrun has almost tripled with the most recent major projects report, but another analysis of it would suggest that they are two distinct things.

**Mr Deeble:** They are two distinct things and you can't compare apples with apples. The \$6.5 billion was associated with 30 projects. They did have their pedigree in various reports including the MPR. The report of the 17.5, which currently sits in the major projects report, is a very different basis. These are 21 projects that are considered in the MPR context both from the previous year and into this year. So when you are looking at the 6.5, if you are looking at the cost base, that 6.5 didn't include a number of the elements that are covered off in the major projects report.

If I was to refer you specifically to table 2 on page 13 of the MPR, it lays out that \$17.5 billion. You will note in there that that's very similar to the previous MPR, which had \$18.2 billion called out. The same projects are referred to year on year. If you are looking at the MPR specifically, you can see that these include changes to additional government approvals, if you like, for the MRH90, for the Joint Strike Fighter program, for the Triton program and, similarly, for the Overlander program. If you add them up, you will note there are future scope changes in there. Submarines was a reduction when that project was cancelled. Price and indexation and exchange rate are included in here. When you compare that to what was tabled on 10 October last year—that was 30 projects—it didn't include a lot of those additional changes in scope to the program. So it's not fair to compare the two apples with apples because they don't include the same data and, as I said, the data that was provided in October had 30 projects in there.

**Senator SHOEBRIDGE:** Can you provide that table that identifies the different projects as against the \$6.5 billion cost blowout?

**Mr Deeble:** I can't provide that today but I can take that on notice and I can provide you with that data.

**Senator SHOEBRIDGE:** Looking at it again this morning, I'd understood it to mean that the \$6.5 billion were cost blowouts not associated with increasing scope of projects but associated with additional costs to meet the original scope of the projects. Is that how we should view that \$6.5 billion cost blowout?

**Mr Deeble:** Yes, there are aspects in there. I will just try to explain where the differences sit. That \$6.5 billion did include exchange rate and variation aspects to it.

**Senator SHOEBRIDGE:** We might call them 'somewhat blameless elements'?

**Mr Deeble:** I would accept that as a reasoned explanation of that, yes.

**Senator SHOEBRIDGE:** But the balance involved costs that are not explained by either increasing the scope of the project or the number of items being purchased or exchange rates; they are costs that have come about throughout the course of delivering the project.

**Mr Deeble:** I'm happy to take that on notice and we can provide you with an explanation of those costs more specifically.

**Senator SHOEBRIDGE:** If you would, against each of the projects, I would appreciate that. My final question in this round is in relation to defence exports. I don't know who is best to deal with that. Mr Moore, are you minding defence export controls?

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

**Senator SHOEBRIDGE:** Was defence export controls established in 2018? Is that right?

**Mr Moore:** No, I would think it would be much earlier than that. I don't know the exact date. We can get that for you.

**Senator SHOEBRIDGE:** If we can go back five years for the operation of defence export controls, are you aware how many, if any, defence exports were rejected by defence export controls on the basis of human rights grounds, such as the military or the nation to which the proposed export was being sought had a human rights record that led to the application being rejected?

**Mr Moore:** I would have to take that on notice. I don't have the specific details about why individual permit applications would have been rejected.

**Senator SHOEBRIDGE:** Could you identify on notice—year by year for both that question and my next question—how many permits have been granted, how many applications for permits have been rejected each year and the reasons for the rejection?

**Mr Moore:** Sorry, can I clarify that you want the number of export permits that have been granted over the last five years as well as those rejected?

**Senator SHOEBRIDGE:** And, where they've been rejected, the reasons, including but not limited to whether or not human rights grounds was ever used.

**Mr Moore:** To answer your question on the number that have been approved—we receive around 4,000 applications a year, so the numbers will be quite large—we'll have to work through that to get you those figures. There are a handful that are rejected each year. We will see what we can do about getting you the information around the reasons that they were rejected.

**Senator SHOEBRIDGE:** If we just go back last year and the little dribble of this year that we've had, have any defence export permit applications been rejected to your knowledge?

**Mr Moore:** There have been some rejected in the last 12 months, yes.

**Senator SHOEBRIDGE:** What were the reasons for the rejections in the last 12 months?

**Mr Moore:** I would need to take that on notice. There would be a number of reasons for rejection both on national security grounds and human rights grounds. I may have to take that on notice. I don't have that detail with me.

**Senator SHOEBRIDGE:** Alright. Is a corporation's involvement in previous procurement or corruption scandals a basis upon which you would reject a permit application?

**Mr Moore:** As we've explained to you previously, we look at each export permit on a case-by-case basis. Part of that assessment is both Australia's human rights obligations and our national security interests. That may play a role in the decision, but again it would depend on the company, the nature of the export and the location the export is going to.

**Senator SHOEBRIDGE:** Mr Yannopoulos, do you know if there is a policy inside Defence that would disqualify an arms supplier if they had been found to have been engaged in proven corruption of government officials? Is there a policy to that effect?

**Mr Yannopoulos:** I'm not aware, but I'll take it on notice and confirm it.

**Senator SHOEBRIDGE:** In that regard in particular, Thales was of course involved in the Hawkei procurement scandal. It was demonstrated to have used its access to high-ranking government officials when seeking to influence the awarding of contracts. Has Defence reviewed that in relation to that corporation?

**Mr Yannopoulos:** I'm not aware. I'll take that one on notice.

**Senator SHOEBRIDGE:** Is Defence aware of the current outstanding criminal hearing in South Africa against that same corporation on charges of corruption and fraud? Is Defence tracking that?

**Mr Yannopoulos:** I'll repeat my answer. I'm not aware. I'll look into that.

**Senator SHOEBRIDGE:** If that corporation was convicted in South Africa, would that disqualify it from future contracts with the Australian military?

**Mr Yannopoulos:** My understanding of the policy is that we will take each application on a case-by-case basis. We don't have a register of firms that are disqualified from applying.

**Senator SHOEBRIDGE:** If they've just got a fresh conviction for corruption—seeking to corruptly influence procurement in this case in South Africa—would our policy on procurement say that that is a consideration that would disqualify them? Or is a little bit of corruption over there okay?

**Mr Yannopoulos:** I wouldn't characterise it that way. I'll have a look at the policy.

**CHAIR:** Senator, I think the officials have already taken it on notice. One more minute and then I'll have to hand over the call before we wrap up.

**Senator SHOEBRIDGE:** That's okay.

**CHAIR:** Excellent. Deputy Chair, you have the call.

**Senator CHANDLER:** I have a short tranche of questions on security clearance processing. The department confirmed, through my question on notice, that as at 1 November 2022 there were 38,915 open cases for

clearance applications. Could you please provide an update on the number of open cases across baseline, negative vetting 1, negative vetting 2 and positive vetting?

**Ms Perkins:** I'll just try and find that number. The current open case number is 43,449 cases.

**Senator CHANDLER:** More? And against each clearance level?

**Ms Perkins:** I would have to take that on notice.

**Senator CHANDLER:** I'm guessing you'll have to take this on notice as well, but can you break down the open cases against employment type?

**Ms Perkins:** Yes, Senator.

**Senator CHANDLER:** Thank you very much. The question on notice response that you provided stated that since July 2022, vetting time lines for baseline and negative vetting 1s have exceeded KPIs, but only 14.2 per cent overall were processed within time frames. Can you explain why that was the case?

**Ms Perkins:** Certainly. Until the end of financial year 2021-22, AGSVA was meeting its benchmark time frames across all vetting levels. Through 2022-23, we experienced a number of demands on the system that led to expansion in our time frames. I would characterise them as two key drivers. The first is that demand for vetting has consistently year-on-year exceeded the forecast demand. From 2019-20 to the current year, it's up about 30 per cent, so that's a significant demand on the vetting process.

We also suffered, through the last calendar year, staffing challenges, particularly in the workforce that undertakes the first part of the security clearance process. That's primarily an outsourced service provider workforce in Brisbane regional. On the back of the national challenges around workforce, we found it difficult to maintain enough staff to do that work.

**Senator CHANDLER:** Has the department requested additional funding to support resolving the backlog?

**Ms Perkins:** We haven't requested additional funding. We have redirected resources to address that workforce. I would note that one of the peculiarities of the vetting system is that for customers external to the defence department, a fee is charged for clearances. In fact, as demand increases our revenue increases, which helps us to fund that additional workforce. What we were experiencing was a lag in both number of cases to be processed and the staff available to do that work.

**Senator CHANDLER:** So, would I be correct in saying that the department has increased the number of staff, both internal and contractors, to address the backlog?

**Ms Perkins:** Yes.

**Senator CHANDLER:** When does the department expect to get the backlog under control?

**Ms Perkins:** Senator, now might be a good time to talk a little bit about some additional experiences we've been challenging since we provided that question on notice to you. As I think we've briefed this committee and publicised, we transitioned to a new vetting system on 28 November, the myClearance system. This system reached initial operating capability on that date. We've been experiencing some substantial challenges since that system went live, and we've been communicating that very openly with our clients. What that means is that we are experiencing continued challenges in managing vetting time frames. We're working assiduously, with an additional surge of resources, through technical remediation of that system, data remediation and customer support. We are working as hard as we can to resolve the operational capability of myClearance such that we can start addressing the improved throughput of the backlog of cases.

**Senator CHANDLER:** Is that the upgrade known as ICT2270?

**Ms Perkins:** That is correct.

**Senator CHANDLER:** I have a couple of questions on that once we work through this. Thank you for that. I assume you accept that it's not fantastic that we've got more than 85 per cent of our cases being processed outside of KPI—would that be correct?

**Ms Perkins:** It's very disappointing, Senator.

**Senator CHANDLER:** How are the delays in processing security clearances impacting on recruitment within Defence?

**Ms Perkins:** At this point we've not seen a transition to impacts on recruitment. What I'd stress to the committee is that in the transition to myClearance the baseline level, which is around 50 per cent of the clearances produced every year, and a clearance appropriate to commence work in Defence and most other parts of government, is working. We've already processed 6,000 cases through the new system. We've completed something in the order of 33,000 security clearances already this year. We haven't seen that lag yet. What we're

working through now is this period from IOC on 28 November and through January to move as fast as we can to fix that. We're also working across the national security community on policy responses so that we can minimise the impact to getting people into work.

**Senator CHANDLER:** I understand the CPSU wrote to DFAT at the end of last month saying that they were worried that a quarter of potential grads were missing out on positions due to delays in security and vetting processes. Is that a fair assumption by the CPSU?

**Ms Perkins:** Just as a point of clarification: AGSVA is not the only clearance authority in government. DFAT is a vetting authority, and they undertake their own clearances. That media reporting relates to the DFAT process. We've been working across our client agencies on the management of graduate entry. We always treat graduates as a priority category in vetting. I'm not aware of any significant impacts on the graduate intake entering, and we've been working with agencies to help prioritise that workforce.

**Senator CHANDLER:** I assume you've also been engaging with those agencies on addressing the backlog more generally beyond just graduate recruitment?

**Ms Perkins:** That's right.

**Senator CHANDLER:** On the ICT2270 upgrade we discussed previously: what is the overall status? Is it on track?

**Ms Perkins:** We've commenced a remediation processing task force. We've now surged two additional SES level officers—

**Senator CHANDLER:** Sorry, remediation level processing task force? That's jargon for 'it's not on track'—is that right?

**Ms Perkins:** What we've been doing since these problems emerged is identify what the technical issues are, what the impact has been to the customer experience—people trying to access the system—and we've developed a remediation plan that has multiple lines of effort to move as fast as we can on the technical fixes. We've already rolled out three technical upgrades, and we have more planned. It is our assessment at this point that by the end of February the technical issues will have been resolved. At that point, it will be important to then activate as much resource as we can to the processing of cases. Separately, we've surged in excess now of 50 additional staff to support customer service and user experience. One of the experiences for people was challenges logging on through the increased security multifactor authentication to log on. That led to a very disappointing experience of it being difficult for us to respond to their calls. We've now surged more than 50 people into that effort. The technical issue is resolved so that people can be accessing and using the system effectively.

**Senator CHANDLER:** Is the IT upgrade project on budget?

**Ms Perkins:** At this stage we are still in the warranty period for the rollout of the initial operating capability, and the work we're undertaking is within the scope of the project.

**Senator CHANDLER:** Thank you very much, Ms Perkins. That's it for me.

**CHAIR:** I have a couple of clarifying questions following the deputy chair's line of questioning on myClearance. Can you take us back to when the project started. When did it start?

**Ms Perkins:** The initial work to develop a gate 0 business case in Defence commenced in 2016.

**CHAIR:** Is there a month?

**Ms Perkins:** I probably could tell you the month.

**CHAIR:** That's fine. So it's clearly under the previous government. What date did the program receive first-pass approval from the previous administration?

**Ms Perkins:** First-pass cabinet approval was achieved in March 2018.

**CHAIR:** Two years later. So it took about two or three years to get from the ANAO audit identifying an issue with the systems to the former government even considering a solution? There was quite a sizeable gap there, between two and three years, before the previous government identified or was briefed about the issue.

**Ms Perkins:** Could you clarify what issue?

**CHAIR:** The gap between the ANAO's audit identifying an issue with the vetting systems in place to the former government.

**Ms Perkins:** I suppose for context: the system referred to in that ANAO account—PSAMS2 was the acronym we refer to it by. We had planned for a replacement system in the Integrated Investment Program and had commenced the work to scope and design that system, as I said, in 2016.

**CHAIR:** But it took almost three years before the previous government was able to consider a solution.

**Ms Perkins:** Yes.

**CHAIR:** Okay.

**Ms Perkins:** If you have familiarity with the past system, this is a significant step change in the system. It's a complex system that operates for all of government and industry partners. The design intention of myClearance was to move beyond a simple case management system to an integrated analytical system. In that period from gate 0 to gate 2, first pass to second pass, substantial work was being undertaken to support design and delivery.

**CHAIR:** Could you also elaborate for me what oversight mechanisms were put in place by the previous government to ensure that people like the ministers that were responsible were informed of its progress?

**Ms Perkins:** I might flick to Mr West, but I would start by saying that ICT2270 was a project in the Integrated Investment Program. It was subject to review by the Defence Investment Committee. It had a cascading series of governance and oversight mechanisms beneath that. Mr West might want to speak to some of the structure.

**CHAIR:** Anything else you could add there, Mr West?

**Mr West:** I would just add that the main oversight mechanism put in place, aside from the normal project management procedures, would be the AGSVA governance board, which was established involving senior departmental officers from most of the central agencies. They had ongoing oversight of the delivery of not only the project itself but also monitoring AGSVA's achievement against KPIs.

**CHAIR:** What was the contract value of the program?

**Ms Perkins:** The total value of the project is \$307 million.

**CHAIR:** Last question here: were the risks that were related to the complexity, as you've outlined, of integrating the systems from several national security agencies made clear to the then government at the outset of the project?

**Ms Perkins:** I will say yes. I would add that, after we work through these next few weeks of technical remediation and customer support, we will be undertaking a project implementation review where we'll seek to learn lessons and understand how we have managed risks and how we've found ourselves in this position.

**CHAIR:** Thank you, Ms Perkins.

**Senator BIRMINGHAM:** I will try to jump through a few issues quickly if I can. Firstly, I'll go back again to Operation Resolute. I understand earlier evidence indicated that there was some surge support underway in relation to Operation Resolute. That was an explanation given for the \$10 million increase in the budget from the March budget last year to the October budget last year. Can I get a little more detail on what that surge support entails?

**Vice Adm. Johnston:** I won't specify the nature of the surge because it is responding to the circumstances that the commander of Operation Sovereign Borders has asked us for. But it is of the nature of additional aircraft surveillance and additional ships that are patrolling in our northern waters.

**Senator BIRMINGHAM:** When did you receive the request from the commander of Operation Sovereign Borders?

**Vice Adm. Johnston:** The surge has been put in place in the last few weeks.

**Senator BIRMINGHAM:** Is there a time line that you're able to specify that it is expected to operate?

**Vice Adm. Johnston:** As long as it's required.

**Senator BIRMINGHAM:** That's probably too much of an operational question, given the nature of it. Increased aircraft—does it entail also increased ships or naval assets or at least a tempo of naval operations?

**Vice Adm. Johnston:** Yes, additional ships and additional aircraft.

**Senator BIRMINGHAM:** Additional ships, additional aircraft, additional flights and surveillance in that regard. Did the commander of Operation Sovereign Borders indicate whether there was a reason for the increased risk profile?

**Vice Adm. Johnston:** I would suggest again that those are issues better put to Home Affairs for the circumstances that are requiring the surge.

**Senator BIRMINGHAM:** Is the \$10 million increase in budget adequate for the current surge arrangements?

**Vice Adm. Johnston:** I'm not sure the basis of that budget, because of the timing, additionally what it covers. The CFO might help me through there, but in part, no win/no loss arrangements will give us the mechanism to be able to recover additional costs where they might exist.

**Senator BIRMINGHAM:** Mr Groves?

**Mr Groves:** The \$10 million was received at the last budget in October. It was largely related to some additional support for Sri Lanka for fuel. What the VCDF has been talking about around additional surge would get captured under future no win/no loss conversations that we would have with government in future budget rounds. So it's not reflected as yet.

**Senator BIRMINGHAM:** So assuming the budget that you had had already been fully allocated in terms of operational capacity, no win/no loss means that there will be an increased level of expenditure sorted out in the reconciliation?

**Mr Groves:** For this year, yes.

**Senator BIRMINGHAM:** For this year, and obviously if it looks like such increased capacity is needed to continue beyond this year, that will form part of the budget going into next year?

**Mr Groves:** Yes. There would be new estimates that we would create for 2023-24.

**Senator BIRMINGHAM:** Thanks, Mr Groves and Vice-Chief for clarifying more ships, more flights and likely more costs through the no win/no loss arrangements. Can I move onto a different issue. Did the Department of Defence make a submission to the department of industry's public consultation process on the National Reconstruction Fund?

**Mr Yannopoulos:** We will just get the relevant official to the table.

**Mr Moore:** I think your question was, did Defence make a submission to the department of industry's National Reconstruction Fund?

**Senator BIRMINGHAM:** That's right.

**Mr Moore:** I believe we might have, but I would need to take that on notice to confirm.

**Senator BIRMINGHAM:** Has Industry otherwise sought advice or briefings from Defence or has Defence provided advice or briefings to Industry about the NRF?

**Mr Moore:** We are in contact with them on the NRF.

**Senator BIRMINGHAM:** What is the nature of Defence's interest in the NRF?

**Mr Moore:** I believe Defence is considered one of the priority areas in the National Reconstruction Fund.

**Senator BIRMINGHAM:** Was Defence consulted on the legislation before it was introduced or in that process?

**Mr Moore:** I would need to take that on notice.

**Senator BIRMINGHAM:** Does Defence have a view as to how important or useful the NRF could be to addressing national security risk or capability?

**Mr Moore:** I may need to take that on notice. You would be aware that we are in the process of developing a defence industry development strategy. The development of that strategy will be dependent upon other work across government. The NRF will be one of those.

**Senator BIRMINGHAM:** The defence industry development strategy—is that the review that Minister Conroy announced or indicated early this month?

**Mr Moore:** That's correct, yes.

**Senator BIRMINGHAM:** Has that review commenced?

**Mr Moore:** It has, yes.

**Senator BIRMINGHAM:** Who is that review being undertaken by?

**Mr Moore:** It's being undertaken by my division.

**Senator BIRMINGHAM:** So it's an internal review being undertaken by your division. Does it have defined terms of reference?

**Mr Moore:** No. I wouldn't necessarily characterise it as a review. The government indicated that it wanted to issue a new defence industry development strategy some time ago. We have been working on that for a little while.

**Senator BIRMINGHAM:** What's the time line for the review?

**Mr Moore:** Ultimately delivery is a matter for government. We are still working it.

**Senator BIRMINGHAM:** Surely Minister Conroy has given you some expectations as to when he would like to see the outcomes of that review?

**Mr Moore:** It's highly dependent on a number of other bits of work that are being carried out across government and within Defence. The DSR is one of those, as are other bits of work. The time line for that will become clearer as we properly analyse those.

**Senator BIRMINGHAM:** Are you operating under instructions to narrow or reduce the number of strategic industrial areas that currently exist in terms of defence industry policy?

**Mr Moore:** Minister Conroy has said on a number of occasions he would like us to look at whether we can give greater clarity to those, and we are considering that, yes.

**Senator BIRMINGHAM:** Greater clarity meaning fewer of them or tighter definitions?

**Mr Moore:** I wouldn't like to pre-empt where our review of that policy lands, but certainly we are taking that into account.

**Senator BIRMINGHAM:** What does Minister Conroy mean when he talks about a 'counterproductive obsession with quotas around local content'?

**Mr Moore:** I would have to direct you to Minister Conroy for that.

**Senator BIRMINGHAM:** Does the department continue to measure Australian industry content?

**Mr Moore:** It's measured as part of individual contracts that might emerge. I might defer to some of my colleagues in CASG to provide greater clarity on that.

**Senator BIRMINGHAM:** Have there been any changes to the way in which AIC has to be in contracts?

**Mr Moore:** There have not, no.

**Senator BIRMINGHAM:** Are any intended?

**Mr Moore:** We are considering all of that as part of the defence industry development strategy, but I wouldn't like to pre-empt where that might land.

**Senator BIRMINGHAM:** Is it important in terms of assessing AIC to be able to measure it ?

**Mr Moore:** I'm not quite sure what you mean by that.

**Senator BIRMINGHAM:** Does having metrics that can be reported against make it easier to assess whether you're actually achieving industry content outcomes?

**Mr Moore:** I think what you're asking me there is whether a measurement of the amount of Australian industry content in a particular contract is growing defence industry, if I'm right in understanding what you mean? We can measure the amount of Australian contract expenditure as part of a contract. I don't know whether Ms Rush would have further information on that. But I think what you're asking is whether that's a measure of Australian industry?

**Senator BIRMINGHAM:** As to whether it's in terms of understanding whether objectives to grow Australian industry are being realised, is there merit in maintaining data and metrics to assess the scale of that investment and the outcomes of it?

**Mr Moore:** I think that measurement of ARC contracts gives us a good indication of the amount of Australian industry that is contributing to defence procurement. It's not the only measure of Australian industry growth, though.

**Ms Rush:** I can answer that. I think that the merit question around measuring Australian contract expenditure is just one element we take into account in assessing what Australian industry capability is and what its contribution is to the economic outcome. It is one measure, and we'll continue to measure that in the context of the contracts and programs we have on foot.

**Senator BIRMINGHAM:** Thank you. I will quickly shift to another topic—

**Senator FAWCETT:** Chair, can I ask a follow-up question on that?

**CHAIR:** Sure.

**Senator FAWCETT:** Given the 2016 Defence Industry Policy Statement was a step change in questions of policy, because we were looking at sovereign capability of defence industries' fundamental input to defence capability as opposed to percentage of contribution, what is Defence going to do differently as a result of this review compared to what it did as it sought to implement the 2016 Defence Industry Policy Statement?

**Mr Moore:** I wouldn't want to pre-empt what the Defence Industry Development Strategy might say. We are looking at the implementation of the 2016 DIPS and seeing if there are any lessons from that. But I think it would be too early to speculate at this stage.

**Senator FAWCETT:** Strong leadership from Defence on that will be important, because the laser-like focus on percentage came predominantly from the opposition and crossbench at that time in this place, asking about things like the Attack class program and Hunter class program, criticising the lack of willingness to identify a percentage of Australian content because the focus in the policy was supposed to be on industry capability, which was actually at the heart of the 2016 policy. That's what the minister is now saying he's after. It strikes me that we're in a bit of a circular argument here, in that the attacks of the then opposition were because we didn't want to define content, but our policy, and their stated aim now, was on capability. So what are you going to do differently?

**Senator McAllister:** I think the official has already answered that question, which is to say that he does not wish to pre-empt the outcomes of the review.

**Senator FAWCETT:** I'll look forward to future estimates then, Minister.

**CHAIR:** Senator Birmingham, last question.

**Senator BIRMINGHAM:** CDF, does Defence have any knowledge of foreign surveillance or spy balloons operating over Australia?

**Gen. Campbell:** As the Chief of Air Force indicated, we're not aware of balloons operating over Australia. I'll just caveat that comment by saying that if, in the future, we were, then there might be circumstances where we would not speak about it.

**Senator BIRMINGHAM:** I understand the caveat there. Of course I'm asking this not just given the experience in the United States but also in Canada and other places, where they have engaged in more public disclosure and, obviously, responses to some of these matters lately. My apologies to the Chief of Air Force if he addressed the question earlier today. If there's anything else to add I'm happy to hear it, but if the answer is no then it's all well and good.

**Air Marshal Chipman:** We have no reporting of spy balloons operating in Australian airspace.

**Senator BIRMINGHAM:** Thank you.

**CHAIR:** On that note, I'll thank the officials and officers of the Department of Defence for your time today. We'll suspend very briefly and get ready for our next witness, the Inspector-General of the Australian Defence Force.

#### **Proceedings suspended from 18:34 to 18:38**

**CHAIR:** Good evening, everyone. I'd like to welcome the Inspector-General of the Australian Defence Force. Inspector-General, do you have an opening statement, and, if you do, in the interests of time could you just table that and we can go straight to questions.

**Mr Gaynor:** I have a short opening statement which I'm happy to table, Chair.

**CHAIR:** I'd appreciate that. If you could table it, we can circulate that. Senator Shoebridge, the call is yours.

**Senator SHOEBRIDGE:** Thanks very much, Inspector-General, for being here and for the work you do. Have you had any role in following through Defence's response to the Afghanistan inquiry report?

**Mr Gaynor:** The short answer is no. I provided the report to the Chief of the Defence Force. The findings and recommendations of that report were of course delivered to the Chief of the Defence Force, and Defence has implemented a reform plan. It's a matter of public record that there were further cultural reviews, and my office did one of those further reviews, and that report has also been delivered to the Chief of the Defence Force.

**Senator SHOEBRIDGE:** When did you undertake that review?

**Mr Gaynor:** I would have to take that question on notice. I don't have the exact date.

**Senator SHOEBRIDGE:** I don't need the exact date at the moment. Was it at the end of 2021? Was it 2022? When was that?

**Mr Gaynor:** It was at the end of 2021 and into the beginning of 2022.

**Senator SHOEBRIDGE:** And that report that you provided to the chief of defence has not been published; is that right?

**Mr Gaynor:** Yes.

**Senator SHOEBRIDGE:** Do you believe there are any reasons why it should not be made public?

**Mr Gaynor:** That's really a matter for the Chief of the Defence Force, but there are certainly national security issues as well as issues associated with the ongoing work of the Office of the Special Investigator that would make publication problematic.

**Senator SHOEBRIDGE:** At this point.

**Mr Gaynor:** Yes.

**Senator SHOEBRIDGE:** Whilst you were undertaking that cultural review, I assume you looked at the response of the ADF, in part, to your inquiry and more broadly.

**Mr Gaynor:** Defence's response to the Afghanistan inquiry report—what's called the Brereton report—has been an ongoing process. So the second review, if I can call it that, did consider aspects of ongoing work, but, of course, that work is still ongoing.

**Senator SHOEBRIDGE:** Yes. So it was like a snapshot in time—sorry. Rather than me trying to tell you what your report was, perhaps you can tell me what that report was. Could you describe the nature of the report and the issues that it addressed without disclosing any otherwise confidential information?

**Mr Gaynor:** It was really a review, essentially, of cultural aspects. I don't want to go into any more detail than that.

**Senator SHOEBRIDGE:** Did it include recommendations?

**Mr Gaynor:** The report did not make recommendations, recognising that Defence was already on a journey of implementing the findings and recommendations of the Afghanistan inquiry report.

**Senator SHOEBRIDGE:** Would be wrong to describe it as a health check on how Defence was going in implementing those recommendations?

**Mr Gaynor:** It would be wrong to describe it in that way.

**Senator SHOEBRIDGE:** In what way would that description be wrong?

**Mr Gaynor:** Because it wasn't a health check as to how Defence was implementing recommendations. As I said, it was part of the Afghanistan inquiry reform plan, and one of the reviews that were conducted under that plan. So it wasn't a health check of Defence's implementation recommendations; it was a review of aspects of culture.

**Senator SHOEBRIDGE:** Alright. At the same time that you were undertaking that report, the ADF had issued 17 serving individuals with show cause notices for termination of service where it was alleged, because of matters covered in your report, that they had failed to meet ADF expectations and values. You were aware that that was happening at the same time that you were doing your cultural review?

**Mr Gaynor:** I am aware generally of that, yes, although my office was not involved in that process.

**Senator SHOEBRIDGE:** But, being aware of that process, do you know who the decision-maker or decision-makers were who were reviewing the conduct of those 17 serving individuals for the purposes of that administrative action?

**Mr Gaynor:** I do not know, because, once any of my reports is concluded, I deliver it to the relevant part of Defence, and then basically it's up to them to make decisions on that report and then to do whatever else they want to do with the findings and recommendations of that report.

**Senator SHOEBRIDGE:** In an answer—which was only received very recently by my office—to a question on notice, Defence advises us:

By 14 February 2022, administrative action for all 17 members was completed.

I'm assuming that the institutional response to such serious allegations would have been an essential element in your cultural review, to see how the organisation itself had addressed matters. Did Defence advise you of the outcome of the administrative action that was taken?

**Mr Gaynor:** I will have to take that question on notice. I don't know if Defence advised my office. I don't believe they did, but I will confirm that.

**Senator McAllister:** Perhaps I may add, Senator, that I think Mr Gaynor has given you some indication of the parameters of his role and the fact that his involvement ceases at the point that the report is concluded and provided to Defence. I imagine you had an opportunity earlier to pursue some of these questions with the department or with the chiefs when they were here earlier today. My point is that—

**Senator SHOEBRIDGE:** Are you asking me questions, minister?

**Senator McAllister:** No, I'm just making the observation that there may be some limitations on the extent to which Mr Gaynor can assist you, because of the evidence he's already given you about the scope of his role.

**Senator SHOEBRIDGE:** I think, Inspector-General, you had two roles: Your first role was the initial report in relation to Afghanistan, which concluded with your findings and recommendations, and that completed your role for the purpose of that first report—correct?

**Mr Gaynor:** Yes, the Afghanistan inquiry report.

**Senator SHOEBRIDGE:** And you say you didn't have an ongoing monitoring role to determine if those recommendations were being implemented. From that point on, as I understand your evidence, you say it was a matter for Defence.

**Mr Gaynor:** It was a matter for Defence, and I was also aware that there were other mechanisms that had been put in place to monitor implementation.

**Senator SHOEBRIDGE:** Right. But after that you then did a further cultural review and, as I understand it, that cultural review was coincidental in time with the ADF's administrative action, including the 17 'show cause for termination of service' notices that were issued against 17 serving individuals who, by reason of matters contained in your report, were said to have failed to meet ADF expectations and values. Did you know that that administrative action was being undertaken at the same time as you were undertaking your cultural review?

**Mr Gaynor:** I would have to confirm the timings, as I indicated earlier. My recollection of the timing for the second review is the times that I gave you earlier. However, the second review did not get down to the level of detail of individual action. Because that second review was conducted by assistants IGADF, I will have to take on notice whether there was any specific consideration of the other matters that you've raised.

**Senator SHOEBRIDGE:** To assist you in making those inquiries, Inspector-General, I'm told, in the answer to a question on notice, that those actions in relation to those 17 serving individuals commenced in late 2020 and were completed by 14 February 2022. Do you believe—sorry, I withdraw that. In order to determine or make a fair assessment of the cultural behaviour of the ADF, particularly given the context of this inquiry following your Afghanistan report, surely it would have been necessary for you to have been informed of or aware of how the organisation as a whole dealt with those 17 officers. Surely that would have been required. Don't you agree?

**Mr Gaynor:** The second review was a review of aspects of culture. I don't agree that the second review necessarily had to consider the detail of the adverse administrative action that the Defence Force was taking at the same time. But of course all these things were happening at the same time as you point out. But, as I said, I don't have enough detailed knowledge of what's in the second review. The second review was finished some time ago. I deal with several hundred cases each year. I simply can't answer the question now as to whether or not the second review—

**Senator SHOEBRIDGE:** Inspector-General, I'm—

**CHAIR:** Senator, I think the Inspector-General has made the point that he's taken it on notice so he can give you the most accurate information. I am mindful that we are getting close to seven o'clock, so you might be able to wind up your questions.

**Senator SHOEBRIDGE:** I want to be clear, Inspector-General: I'm not in any way critiquing your efforts to assist, or your recall. I know there are many complex matters that you deal with, and I think it's perfectly reasonable to take this on notice. If you are taking it on notice, though, can you advise the committee—if you were informed by Defence of what the outcome of that administrative action was for the 17 matters—of what that outcome was? And, again, take that on notice.

**Mr Gaynor:** Well, I can't take that aspect of the question on notice. It will be a matter for Defence to advise you of the outcome of the 17 matters, as you have put it. But I can advise you of whether my office was informed and whether that information was taken into account by the assistant IGADF who did the second review.

**Senator SHOEBRIDGE:** Alright. And if you want to double-check the detail of that material, it's question No. 1140.

**Mr Gaynor:** Thank you.

**CHAIR:** There being no other questions, we're free to release you, Inspector-General. Thank you very much for appearing this evening—albeit briefly.

**Australian Signals Directorate**

[18:52]

**CHAIR:** Hello, Director-General. Thank you for your patience today. We're running a little bit behind schedule. Do you have an opening statement with you?

**Ms Noble:** No, I don't.

**CHAIR:** We're happy to just ask some questions, if that's alright. I'll hand over to the deputy chair.

**Senator CHANDLER:** During the last estimates I asked about the involvement of Islamic Revolutionary Guard Corps affiliated cyber actors targeting Australian organisations. You took my question on notice and later confirmed that IRGC affiliated actors have targeted Australian organisations. Were the IRGC affiliated cyber actors targeting private sector businesses, or government entities?

**Ms Noble:** I might ask Ms Bradshaw whether she can answer that. I think there's a copy of the advisory that we issued at the time.

**Ms Bradshaw:** We did issue a public facing advisory in conjunction with Five Eyes partners—the Canadian counterpart to American counterparts CISA, US Cyber Command and NSA. The second page of that advisory indicates in text which is agreed by all entities that the IRGC affiliated actors are actively targeting a broad range of entities, which means there is targeting activity and there is successful compromise. The advisory goes on to indicate that that includes entities across multiple US critical infrastructure sectors, but, in the case of Australia, Canada and the United Kingdom, that targeting was directed at organisations—that is, organisations which wouldn't in Australia now meet the legal definition of critical infrastructure. I would need to take on notice whether it was targeting or in fact successful compromise and what the distinction then is between private and public entities.

**Senator CHANDLER:** If you could take that on notice, that would be appreciated. Is the ASD concerned that the IRGC might look to access Australian government systems?

**Ms Noble:** We don't express feelings. The advisory is the public summary that expresses that there is a threat of that activity occurring.

**Senator CHANDLER:** How many of the individuals or entities responsible for targeting Australian organisations, in terms of IRGC affiliated actors, have now been identified and sanctioned by the Australian government?

**Ms Noble:** That would be a matter for the Department of Foreign Affairs and Trade. It's outside of our remit.

**Senator CHANDLER:** Very good; they're on tomorrow. Does the ASD provide advice to government on individuals who have been identified as being responsible for these activities for the purpose of enabling the government to then consider sanctions?

**Ms Noble:** No, not on individuals. Our role is to provide technical advice of threats to networks from different actors.

**Senator CHANDLER:** So when an actor is identified as being responsible, it's not the role of the ASD to notify government that this has happened for the purposes of determining what kind of action might be required, whether that's sanctions or some other response?

**Ms Noble:** It is in the broader sense. Sorry; I thought you asked me whether we provided advice about individuals who might be—

**Senator CHANDLER:** I did, yes.

**Ms Noble:** No.

**Senator CHANDLER:** So you're advising on the broader threat environment rather than individual instances.

**Ms Noble:** That's right—and about what threat activity, from a technical sense, we might have seen. In some cases we're able to ascertain which state or organisation—in this case, we're talking about Iran—that activity might be coming from.

**Senator CHANDLER:** Which government entity would be tasked with case-by-case identification of targeting?

**Ms Noble:** It might be a combination of agencies. In the case where, let's say, the threat was a criminal actor, ASD might be able to provide technical information and so forth that might support the Australian Federal Police to undertake a police investigation which might ultimately lead to the resolution of that investigation to an individual. In that circumstance it might be the Federal Police.

**Senator CHANDLER:** Has ASD proactively provided any advice to any government agency specific to IRGC targeting along the same lines as what you just described?

**Ms Noble:** I don't think so. I think that advisory is the extent of our advice.

**Ms Bradshaw:** Yes, but I would add to that. We do this as a regular course of action; we find that advice carries more gravity where it reflects the insights of our Five Eyes counterpart agencies. This advisory does two things. The first is that it gives advice as to the threat of this particular actor group, but the second is that it gives advice about how private entities, of their own, can detect that activity on their systems or networks. This advisory is, for example, published on [cyber.gov.au](https://www.cyber.gov.au), which we own, and is given the same weighting or exposure as advisories which we would issue on the basis of our sole branding.

**Senator CHANDLER:** Given the comments this week about foreign interference and the Iran government by the Minister for Home Affairs, is there any overview or summary that the ASD is able to share with the committee about the IRGC and its activities in Australia or its activities targeted towards Australia beyond referencing the Five Eyes statement that you referenced earlier?

**Ms Noble:** No, we can't add to that in the public domain.

**Senator CHANDLER:** Right. Besides cybercrime, is it your understanding that the IRGC has any other activity or interest in Australia?

**Ms Noble:** We wouldn't have any responsibility for inquiring into that beyond threats to Australian networks from a technical point of view.

**Senator CHANDLER:** Thank you very much.

**CHAIR:** Oh! Thank you very much, Deputy Chair.

**Senator CHANDLER:** I said I'd be quick.

**CHAIR:** I'll hand over to Senator Shoebridge. You've got 30 seconds.

**Senator SHOEBRIDGE:** Will we try to wrap it up in five minutes?

**CHAIR:** We can. I thought I'd try!

**Senator SHOEBRIDGE:** Thanks for your appearance here today. You would be aware, wouldn't you, that in the last few days and weeks the Australian government has been going through the defence department, the Attorney-General's Department and other parts of government and removing cameras and security gear made by Hikvision and Dahua, those Chinese manufacturers. Are you aware of that?

**Ms Noble:** Yes.

**Senator SHOEBRIDGE:** That is because of concern that they may contain spyware. Are you aware of that?

**Ms Noble:** Yes.

**Senator SHOEBRIDGE:** That's a valid concern, isn't it?

**Ms Noble:** I'm not sure about the characterisation of spyware, but ASD, once again, has published quite a number of public advisories related to supporting individual agencies or departments to make risk-based decisions about the devices that you're describing. They range from tips to secure your internet-of-things devices, how to identify and manage cyber supply chain risks, an internet-of-things code of practice, guidance for manufacturers and also the ISM, Information Security Manual, which is really our bible on how to manage security threats in such devices.

**Senator SHOEBRIDGE:** Does the ASD support the actions the government has taken to remove those cameras?

**Ms Noble:** Our role is limited to providing technical advice, and we have done so.

**Senator SHOEBRIDGE:** Do you think that those actions, to remove the cameras, are appropriate from a technical advice point of view?

**Ms Noble:** Perhaps we might take you through what some of our technical advice says along those lines of your question, but ultimately it's not up to the Australian Signals Directorate to make any final determination about what any department or agency should do in managing the risk that we set out for them in our technical advisories.

**Senator SHOEBRIDGE:** One of the reasons I'm putting these questions to you now is that this isn't the first time these questions have been put to you, is it?

**Ms Noble:** That's right.

**Senator SHOEBRIDGE:** On 5 November 2021, the late Senator Kitching asked this:

The UK Parliament Foreign Affairs Committee recommended that "equipment manufactured by companies such as Hikvision and Dahua should not be permitted to operate within the UK" and that "government prohibits organisations and individuals in the UK from doing business with any companies known to be associated with the Xinjiang atrocities."

Senator Kitching then asked of you:

1. Does ASD agree with this recommendation? If not, why not?
2. Has ASD provided advice to government or other departments on whether these companies should be prohibited from servicing the Australian government?

And if only you had said yes—but you didn't.

**Ms Noble:** I said then what I've just said to you tonight, that ultimately the choice of equipment and vendors is a matter for individual government departments. At the time, I referred Senator Kitching to the guidance that I've referred to tonight, which can be found on our website at [cyber.gov.au](http://cyber.gov.au).

**Senator SHOEBRIDGE:** What you said was:

1. Vendor choice is a matter for individual government departments and entities. ASD provides technical advice and assistance, including supply chain guidance which is available on [cyber.gov.au](http://cyber.gov.au).
2. ASD has published guidance on identifying supply chain risks which is available on [cyber.gov.au](http://cyber.gov.au).

But by not looking closely at that question and considering the risks of these products that were brought clearly to your attention, they have been operating on defence facilities, the Attorney-General's Department and all throughout the government for over a year and two months because you didn't provide the timely advice that was sought. That's what has happened, isn't it?

**Ms Noble:** No. We have provided a range of advice which we have made public, which is set out over some years in the documents that I have referred to you. I feel that ASD has acquitted its responsibility to draw attention to the risks of those devices. As I said, it's then a matter for individual departments and agencies to manage those risks or make choices about the equipment that they are buying.

**Senator SHOEBRIDGE:** ASD has been given a huge budget by the Australian government to provide advice on cyber-risks. It has been given enormous responsibilities. On this occasion, when the products that have now turned out to have had such significant risks that they have had to be removed from every part of the Commonwealth government's operations, when you were specifically asked for the advice on them, you just dodged the question, didn't you?

**Ms Noble:** No—

**Senator SHOEBRIDGE:** You just dodged the question.

**Ms Noble:** I don't believe I have dodged that question then or your questions now.

**Senator SHOEBRIDGE:** Do you take any responsibility at all for the fact that these cameras have been operating, taking down vision with heaven knows what security risks, for a year and three months since you were asked about their security risks by then Senator Kitching on 5 November 2021? Do you take any responsibility at all for that risk continuing for a year and three months since?

**Ms Noble:** ASD has fulfilled the role required of it to provide technical advice about the threats of Internet of Things devices, as I said before, supply chain guidance and so on. I believe that we have acquitted our responsibility in that regard.

**Senator SHOEBRIDGE:** Well, I have read your answer and I have just put it on the record. Nowhere there does it provide a threat assessment of either of those products by the ASD, even though you were specifically asked about it. Can you point to anywhere in that answer where you provide that threat assessment?

**Ms Noble:** The guidance that the answer refers to, which is available on our website, extensively sets out the risks of such devices and, through the information security manual, provides guidance on how those risks might be managed.

**Senator SHOEBRIDGE:** Minister, are you satisfied that the ASD, having been put on notice squarely by one of your own colleagues about these very products on 5 November 2021, did not provide any specific advice about the security risks for these products?

**Senator McAllister:** I think the more relevant question is why the government of the day did not act on the advice that was provided.

**Senator SHOEBRIDGE:** Alright.

**CHAIR:** Thank you to the Australian Signals Directorate. We will now break for dinner, and we will return in one hour. We will be returning with the Australian War Memorial; the ASD is now free to go.

**Proceedings suspended from 19:08 to 20:07****Australian War Memorial**

**CHAIR:** Good evening, everyone. Welcome back. I now welcome the Director of the Australian War Memorial and officers of the agency. I'd also like to welcome Senator Jenny McAllister, who's in the chair representing the Minister for Veterans' Affairs, and the secretary of the department. Do you have an opening statement, Mr Anderson? Is it short? I'm mindful that we are quite behind schedule. I'm happy for you to table it, and we can circulate it to the committee as a whole if that's okay.

**Mr Anderson:** Sure.

**CHAIR:** Thank you for accommodating my request. On that basis, I will open questions. Senator Pocock, you have the call.

**Senator DAVID POCOCK:** I was recently looking at the APS Employee Census results and was keen to hear from you on a few of them. One of the things that came up was that just half or so of your staff believe that the memorial promotes an inclusive workplace culture. That is 23 per cent below the APS average. I'm interested in reflections on what's being done to try to improve that.

**Mr Anderson:** We obviously take those results very seriously, and one of the first things we did when the results came in was ask for a briefing organised by the APSC to brief the senior executive and all of our staff to understand and unpack them. That was the first thing we did. The next thing we did was, at the request of the staff, to try to change the culture of the Australian War Memorial, try to have from the ground up a development of behaviours and values that we can all sign up to. The staff have led that charge, and we've come up with a series of values and behaviours. One of the things that you would have noticed in the survey results was a very, very high take-up in support for these values. But you've got to live them, and obviously that starts with me.

The one thing I'd say is that right now at the Australian War Memorial we are going through a remarkable period of change—arguably the largest in the last 50 years. Not only are we a public-facing organisation that is dealing with the public emerging from a pandemic—and I've got staff, literally, in the front lines—but we're also undertaking a major redevelopment. The equivalent of 50 Olympic swimming pools has been excavated from the front, the back and the side of the building. That's 9½ thousand truck and trailer loads. Staff are being exposed to the dust, to the noise and to the vibration.

More importantly, staff have also been physically dislocated both from the national collection and from each other by being spread basically between where they were in Campbell to temporary office space in Dickson, and some have been relocated up to Mitchell. The real challenge for us is to bring the team together and bring the memorial together. A very, very important part of that is communication. We've brought in an internal communications person to explain what's going on, why it's going on and where it's going on, just to make sure that staff have an ownership of the development. We have social clubs and we have staff Christmas parties.

I can only speak for myself, but my door is always open. I meet every staff member on arrival. Also, I have exit interviews with every staff member who leaves. We're trying to change it one day at a time, one issue at a time. It boils down to communication about a massive development project that's going on, and just making sure that the staff understand this is the development of the memorial by the memorial, and them wanting to own it. I think that's what is going to build us all together and bind us together.

**Senator DAVID POCOCK:** A big part of it is potentially the dislocation, but once staff are back in the same place, do you think that will—

**Mr Anderson:** You've got to understand that the memorial has been there for 80 years, and for the first time we're really spread physically over three sites. Even within one campus at Campbell, the site is split in four at the moment. And my staff have to manage how they get access to the collections, which is not in the way they used to. It's a big change for the staff and, frankly, they're magnificent. I think the results speak to the resilience of my staff more than anything else. I'm very, very proud of them.

We're now at the stage in the development where the early works are finished and the enabling works have finished. We've now engaged the three major contractors and we're coming up and out of the ground. I'm very hopeful that by Anzac Day next year we'll be out the front of the memorial, those hoardings will be down and the memorial the staff know and love will start to look and feel the same, and I think that will have a big benefit.

**Senator DAVID POCOCK:** One of the other things that really stood out was people's attitudes towards pay. Just 29 per cent of your staff felt that they were fairly paid for the work that they do. What are your thoughts on that? What does that come down to? How do you compare to other specialist agencies?

**Mr Anderson:** Compared to other similar agencies we're one of the lowest paying on the continuum. It's one of those questions where we can't do that on our own. We try, certainly when we recruit staff, to offer individual flexibility arrangements, and the things we need to offer people to bring them on board. What we can do is offer them things like free parking on campus and all these sorts of add-ons, making sure there are incentives to remain working at the War Memorial. Hopefully over time their pay will go up, but it's beyond my gift to negotiate their pay rise, but it's been something that's been longstanding.

**Senator DAVID POCOCK:** Do you have on hand an overview of the number of employees on different bands? How is it broken up?

**Ms Patterson:** I don't have that specific breakdown, but based on the 20-21 APS employee salary survey results, we range between one per cent and eight per cent behind average APS salaries. That's a reflection of the cumulative bargaining processes over the years, where, as a small agency, we didn't have the flexibility that other larger agencies have had. We find it very difficult to keep up, and now we find ourselves so far behind that even a two per cent increase is still going to see us very far behind the rest of the APS. As the director noted, we try to highlight the other benefits there are to working at the Australian War Memorial, which are often non-salary related.

**Senator DAVID POCOCK:** Can staff expect a pay rise this year? Will it be in line with the two per cent this year?

**Ms Patterson:** Yes. Under the interim bargaining arrangements all agencies are eligible for a two per cent pay rise 12 months from the date of the last pay rise that they were entitled to under their existing agreement. So, on 10 July, yes, our staff will be entitled to a two per cent pay rise, but that's across the board. So we're going up two per cent, but everyone else is going up two per cent.

**Senator DAVID POCOCK:** So you still have that lag. As to the results of the census—I understand they came through a Senate process—is there a way to publish them, more proactively?

**Mr Anderson:** They're already up on our website. So people are welcome to jump on to the Australian War Memorial corporate policies, and that's where they are.

**Senator DAVID POCOCK:** Perfect. Thank you very much for your time.

**CHAIR:** I will hand over now to Senator Shoebridge.

**Senator SHOEBRIDGE:** Thanks, Mr Anderson, and your team, for staying back with us tonight. You may or may not recall, but on the last occasion that we were here together I was asking you some questions about the total value of donations or about the donations and sponsorships by military and defence companies to the Australian War Memorial. Do you recall that?

**Mr Anderson:** Yes.

**Senator SHOEBRIDGE:** I put some further questions on notice to the minister, and it's my reading of the answer that I got back from the minister that, since 2018-19—in the years including that and since then—the Australian War Memorial has in fact received \$1.8 million in sponsorships from military and defence companies. Would you agree with that figure?

**Mr Anderson:** Yes.

**Senator SHOEBRIDGE:** And they're from companies like Boeing, Lockheed Martin, Northrop Grumman, Thales and the like? Do those names ring a bell?

**Mr Anderson:** Yes.

**Senator SHOEBRIDGE:** And you're aware, in relation to Thales, for example, that it's currently facing prosecution in South Africa for alleged corruption of government officials for the purposes of defence procurement? Are you aware of that?

**Mr Anderson:** I'm not aware of that, but thank you.

**Senator SHOEBRIDGE:** Do you think that might be an issue you'd take on board, in terms of the reputation of the War Memorial, in receiving money from a corporation like that?

**Mr Anderson:** I think you said they were allegations—

**Senator SHOEBRIDGE:** They've been charged and they're facing criminal prosecution. Do you think that might be an issue for you to take on board, as to their money?

**Mr Anderson:** Whenever we consider sponsorship arrangements with anyone in the defence industry or any sponsor, we have a partnership arrangement, a partnership agreement and a framework, where we consider any

number of things, and of course the reputation of the company and the record of the company would be considered as part of any sponsorship agreement.

**Senator SHOEBRIDGE:** Well, did you do that due diligence in relation to that company? Of course, the South African proceedings at the moment are only one of a number of cases where Thales has been found to have—or, in the case of South Africa, is currently facing criminal prosecutions for corrupting government officials for the purposes of their procurement. Did you do that kind of due diligence?

**Mr Anderson:** We are dealing with Thales Australia.

**Senator SHOEBRIDGE:** Well, that's a wholly owned subsidiary of Thales.

**Mr Anderson:** We're dealing with Thales Australia, though.

**Senator SHOEBRIDGE:** Yes, but it's a wholly owned subsidiary of the foreign multinational that, as part of its business, is going out and corrupting government officials for the purposes of getting contracts. Did you do that kind of due diligence?

**Mr Anderson:** Yes, we do due diligence on every partnership that we enter into.

**Senator SHOEBRIDGE:** \$1.8 million is a lot of money, isn't it, for the purposes of the War Memorial?

**Mr Anderson:** Yes, it is.

**Senator SHOEBRIDGE:** What do military and defence companies get for giving you \$1.8 million? What do you give them?

**Mr Anderson:** Well, I don't know that we give them anything. That would be a question for them. I can tell you what we get out of it, though. What we get out of a relationship with—

**Senator SHOEBRIDGE:** That wasn't my question. Do they get to have their name included in promotional material at the War Memorial?

**Mr Anderson:** In some instances, yes.

**Senator SHOEBRIDGE:** So that's a benefit for arms corporations, isn't it?

**Mr Anderson:** That would be recognition for the service that they supplied to the War Memorial.

**Senator SHOEBRIDGE:** Did they get to have speakers at events associated with their sponsorship?

**Mr Anderson:** Not in my time, but I'm happy to take that on notice.

**Senator SHOEBRIDGE:** Is there a policy from the Australian War Memorial side when it comes to corporate sponsorships?

**Mr Anderson:** Yes, there is.

**Senator SHOEBRIDGE:** Can you provide us with a copy of that?

**Mr Anderson:** Yes, I can. It's on our website.

**Senator SHOEBRIDGE:** I think I asked you a question to this effect last time, but I might ask it again now, given that we have identified an even larger amount of money coming from the military and defence companies to the War Memorial. Given that the task of the War Memorial is to honestly show the horrors of war and the damage that it causes to countries and people, including the participants in war, and that the theme of the War Memorial, I would hope, is so far as possible 'never again', do you think it's appropriate to take \$1.8 million from the corporations that actually profit from war, whose purpose is to sell munitions and to profit from the killing, carnage and damage caused by war?

**Mr Anderson:** The Australian War Memorial is three things: we are a memorial, including the Tomb of the Unknown Australian Soldier and the Roll of Honour; we are a museum; and we are an archive. The point of the Australian War Memorial is to enable people to undertake meaningful commemoration, and the only way they can do that is through the deepest possible understanding. Where we engage with partners, whether they are defence sponsors or other benefactors, is on the understanding side of the house—the museum and digital archives side of the house, these sorts of things that enable meaningful commemorations. I do think it's appropriate for the Australian War Memorial to engage with any benefactor who's prepared to enable the Australian War Memorial to give people the deepest possible understanding of the Australian experience of war so that, when they arrive at the Australian War Memorial and they enter the Tomb of the Unknown Australian Soldier, that act is meaningful because they understand.

**Senator SHOEBRIDGE:** Of course. Have you undertaken any assessment of whether or not the public supports Australia's War Memorial, which is meant to be commemorating those who have fallen or have been

damaged and injured as a part of war—and I would hope part of the mission is to show the true horrors of war and make us reflect and try and avoid war—

**Mr Anderson:** Absolutely, Senator.

**Senator SHOEBRIDGE:** Have you considered the obvious conflict when you're also promoting corporations, whether you're inviting them to speak or allowing their name and their corporate logo to be available and on public display? Have you thought about the obvious conflict that, on the one hand, you're seeking to point out the horrors of war and hopefully prevent war and, on the other hand, you're out there promoting the very corporations who have an interest in encouraging war and having more war because more war means more weapons sales and more profit to them? Have you thought about that conflict?

**Mr Anderson:** It would be one of the things we would consider when we consider who we engage with, of course. But, as I said, please understand that the companies with which we engage, particularly those in defence industry, also train, sustain and equip the Australian Defence Force in the provision of, yes, lethal force, because sometimes that's what's required when you protect our values and our borders and when you deploy on peacekeeping and other operations. I'm very conscious, just from watching the news over the last couple of weeks, that those we deployed to Turkiye for humanitarian assistance flew on a C-17 provided by the Royal Australian Air Force. I'm very conscious that the last time I saw a Chinook flying anywhere was when they were providing disaster relief in Western Australia. So it is very important to understand that, yes, they provide lethal capability but they also provide the defence of our interests and our values.

**Senator SHOEBRIDGE:** Companies like Boeing profit from being part of the nuclear weapons industry, making intercontinental ballistic missiles, which have the potential to destroy all of our nations and our civilisation as we know it. Do you think it's appropriate to take money from a corporation that benefits from participation in that industry and put it into the Australian War Memorial, where we're meant to be solemnly commemorating our fallen? Do you think it's appropriate to take that money from a company like Boeing?

**Mr Anderson:** The Australian War Memorial engages with Boeing because it's a company that provides support, assistance and materiel to the Australian Defence Force.

**Senator SHOEBRIDGE:** You recall on the last occasion I was asking you about the money you received from one of those corporations, which was Lockheed Martin.

**Mr Anderson:** Yes.

**Senator SHOEBRIDGE:** Of course Lockheed Martin is a multi-multibillion-dollar corporation embedded in the global weapons industry—isn't it?

**Mr Anderson:** Yes.

**Senator SHOEBRIDGE:** It's required by United States law not to provide money to foreign governments or agencies associated with foreign governments as an anticorruption measure, isn't it?

**Mr Anderson:** Yes.

**Senator SHOEBRIDGE:** Do you remember last time I asked you some questions about the disclosure and compliance documents that the Australian War Memorial was required to sign in order to take money from Lockheed Martin?

**Mr Anderson:** Yes.

**Senator SHOEBRIDGE:** Then, I had a limited number of documents, and I'm grateful for the fact that when I asked those questions on notice you provided further documents to the committee. Do you recall providing the documents?

**Mr Anderson:** Yes.

**Senator SHOEBRIDGE:** Did you bring the documents with you?

**Mr Anderson:** I did; yes.

**Senator SHOEBRIDGE:** I'll just give one to the chair to try and assist. The ones that I have say 'Attachment A' up in the top right-hand corner. Is that the same as yours?

**Mr Anderson:** Probably not, but, if you go to the dates, that would be helpful.

**Senator SHOEBRIDGE:** I'll go through them sequentially in the order that I have them here so as we're going through the same documents—I hope I've copied them in the manner in which you've provided them, Mr Anderson. The first one is dated 29 October 2013. Is that the first one you have?

**Mr Anderson:** Yes.

**CHAIR:** Senator Shoebridge, just before you go through this document, can I ask where you obtained it. Is it from the last round of estimates?

**Senator SHOEBRIDGE:** It was provided by the War Memorial.

**CHAIR:** I just want to make sure, because there are details of individuals here. When you do make reference, be mindful not to reveal individual details, please.

**Senator SHOEBRIDGE:** I'm not going to identify any names.

**Senator CANAVAN:** But if you've tabled it?

**Senator SHOEBRIDGE:** I haven't tabled it yet. Perhaps I'll take you about six pages in, 'Lockheed Martin,' 'Contributions disclosure and compliance certification form' dated 22 August 2014. The recipient organisation is the Australian War Memorial. The amount of money at stake here from Lockheed Martin to the War Memorial was \$100,000. Do you see that?

**Mr Anderson:** Yes.

**Senator SHOEBRIDGE:** Do you see at the bottom of the first page, at point 3: 'The recipient organisation is not an agency, organisation, association or instrumentality of the Australian government, any political party in Australia or a public international organisation. It is not otherwise owned, in whole or in part, or controlled by the Australian government or any Australian political party or government official or an official of a public international organisation.' Do you see that?

**Mr Anderson:** Yes.

**Senator SHOEBRIDGE:** Then you would agree with me that that was signed by an officer in the Australian War Memorial on 22 August 2014. Do you see that?

**Mr Anderson:** Yes.

**Senator SHOEBRIDGE:** Having signed that, Lockheed Martin gave you the money; correct?

**Mr Anderson:** Having signed that, the attachment to it on the next page speaks to the Lockheed Martin contribution request form, which is part of the same thing. And I note there that what it also says is, 'The contribution made by Lockheed Martin Corporation to the Australian War Memorial is to support education and public programs.' It says, 'Please refer to the full agreement between Lockheed Martin Australia and the Australian War Memorial for specific details.'

**Senator SHOEBRIDGE:** I'll take you back to the two-page document headed: 'Contributions disclosure and compliance certification form.' At the bottom of it, it says on page 2, 'Please return this completed form to your Lockheed Martin point of contact.' It was signed—in fact, it says acknowledged and certified—by the Australian War Memorial and provided to Lockheed Martin; correct? And it was plainly, boldly and unambiguously untrue, wasn't it? Because the Australian War Memorial is an agency, organisation, association or instrumentality of the Australian government—isn't it? It's plainly, boldly and unambiguously untrue?

**Mr Anderson:** Certainly in the signing of that document, as you know, and other documents we have made the very expressed declaration of the status of the Australian War Memorial. But the point I would make, with reference to the attachment to this and the agreement between Lockheed Martin and Australia, which sits on top of this document, very clearly states that the Australian War Memorial is established by a corporation by the Australian War Memorial Act. The functions of the memorial and the powers of the memorial and the minister, the council and the chairman are outlined in the act, and it very clearly explains the status of the Australian War Memorial.

**Senator SHOEBRIDGE:** Where does it show that?

**Mr Anderson:** This is the agreement that was referred to in that document. I'd need to speak to Lockheed Martin, obviously, but that is the agreement. There's a grant agreement that sits over the three years—

**Senator SHOEBRIDGE:** Where is that agreement referred to on this two-page document?

**Mr Anderson:** It's attached to the two-page document. Part of the document that was signed and submitted included the Lockheed Martin contribution request form.

**Senator SHOEBRIDGE:** Where on the two-page certification form does it make any reference at all to the Australian War Memorial being a part of the Australian government?

**Mr Anderson:** This document doesn't.

**Senator SHOEBRIDGE:** The document was signed and certified on behalf of the War Memorial on 22 August 2014 to receive \$100,000 from a weapons manufacturer, and it was a plainly false certification, wasn't it? It was plainly, baldly wrong.

**Mr Anderson:** Sitting on top of that document is the agreement that covers the three-year grant—that \$100,000 is for one of those years—and that clearly and expressly states the Australian War Memorial's legal personality under the act.

**Senator SHOEBRIDGE:** First of all, the document itself makes no reference to any attachment. The certified document makes no reference to any attachment, does it?

**Mr Anderson:** No.

**Senator SHOEBRIDGE:** It doesn't seek to incorporate any other agreement into it?

**Mr Anderson:** I'd take advice on that, but my understanding is that these were the documents that were provided by Lockheed Martin in order for them to make the payment of a grant to the Australian War Memorial. It was a series of documents. I agree with you, Senator, that it was a mistake that this particular document did not have that clause in it expressly identifying the Australian War Memorial's statutory authority, but the documents that were provided with this and that covered it did.

**Senator SHOEBRIDGE:** I asked for all the documents. Can you show me where this attached document is in the bundle of documents that you provide that you say qualifies this unambiguous false certification on 22 August 2014?

**Mr Anderson:** It's the document titled '2014 International Request Form'. Do you have that?

**Senator SHOEBRIDGE:** Where does it say that, contrary to the certification, it's the Australian government?

**Mr Anderson:** It says it on the second page, up the top right-hand corner: 'The contribution is made by Lockheed Martin to the Australian War Memorial to support education and public programs. Please refer to the full agreement between Lockheed Martin Australia and the Australian War Memorial for specific details.'

**Senator SHOEBRIDGE:** Where's that agreement?

**Mr Anderson:** I have it here. As I say, I'd be happy to make that available subject to—

**Senator SHOEBRIDGE:** I'm happy for you to table it.

**Mr Anderson:** But this is the agreement that sat on top. What we were asked for was certification forms. This is an agreement that sat on top of three certification forms for these grants.

**Senator SHOEBRIDGE:** Are you suggesting that the false certification carried no weight?

**Mr Anderson:** No, I'm not suggesting it's a false certification. I'm suggesting it's a certification in error, and I'm suggesting that Lockheed Martin Australia knew the legal personality of the Australian War Memorial throughout. I'm saying, yes, absolutely, the clarification that is in other certification documents in bold and in red, where we actually declare the Australian War Memorial as a statutory authority of the Australian government governed by an independent council, has been inserted in the other agreements.

**Senator SHOEBRIDGE:** We'll come to some other agreements in a bit.

**CHAIR:** You've got two more minutes, Senator Shoebridge.

**Senator SHOEBRIDGE:** I'll ask you to provide a copy of this additional documentation that you say is there. The Australian War Memorial knew at the time that this certification was required to provide a statement that the War Memorial was in no way a part or an agency of the Australian government because that was required for Lockheed Martin to give you the money to comply with US law. You knew that the false declaration was necessary to get the money. That's the truth of it, isn't it?

**Mr Anderson:** The specific project grant agreement where the funding over the three years is identified expressly states the Australian War Memorial's status as an Australian government entity.

**Senator SHOEBRIDGE:** Let's move on a few years, then, will we? We'll go through—

**CHAIR:** Senator Shoebridge, I do need to move the call on. We can come to this later, but I'm mindful that Senator Roberts also has to head off to another committee. I want to give the call to Senator Roberts, and we'll come back.

**Senator ROBERTS:** Thank you for being here today.

**Mr Anderson:** Thank you. It's my pleasure.

**Senator ROBERTS:** Can you explain why the War Memorial's Twitter post in relation to the daily Last Post Ceremony changed from saying 'his service' to 'their service' when mentioning specific fallen defence personnel?

**Mr Anderson:** It was done in error. It was purely and simply an error.

**Senator ROBERTS:** Who was responsible for the error?

**Mr Anderson:** One of my junior staff, so I wouldn't name them in this forum.

**Senator ROBERTS:** That's fine.

**Mr Anderson:** I just want to give you the assurance that there has been no change to the War Memorial's policy in this regard. We also have arrangements in place to make sure there isn't a repeat occurrence.

**Senator ROBERTS:** Why did he or she do it?

**Mr Anderson:** I think, to be honest, in an earlier tweet, there had been an instance where they actually did a cut-and-paste and they got it wrong. They cut, from a document, the details of a female servicewoman, and they left 'his' there and caused offence to the family. They got spooked. As a consequence of that, when they were the junior person doing the tweets—it is only tweets we're talking about, not the Facebook posts and certainly not the script of the Australian War Memorial's Last Posts—this was done.

**Senator ROBERTS:** I appreciate your frank admission that it was an error. That's the end of my questions.

**CHAIR:** Senator Canavan?

**Senator CANAVAN:** You might be aware, Mr Anderson, that earlier this year the government revoked a public service direction around working on public holidays. Before the last election, the coalition government had issued a direction that public servants should work on Australia Day, Anzac Day and the Queen's birthday, which is now the King's birthday. Earlier this year, the government revoked that direction. While the publicity was all around Australia Day, that revocation also meant that public servants are now free to swap, if you like, the observance of Anzac Day. Was the Australian War Memorial consulted on this decision before it was made by the government?

**Mr Anderson:** Not to my knowledge.

**Senator CANAVAN:** Given that you are the national custodian for the memory of those who have fought and died in service, would you have expected to be consulted on a decision around the observance of Anzac Day?

**Mr Anderson:** I didn't expect to. I can just assure you that almost all my staff are working every Anzac Day. That's all I'm going to say.

**Senator CANAVAN:** I'm sure they are. You're in a special category, and, thankfully, I'm sure your staff do do that. I hope others do—but now they are not required to. Are you aware of any veteran groups or military history organisations being consulted by the government around the decision?

**Mr Anderson:** No, but I wouldn't imagine I would be.

**Senator CANAVAN:** Are you aware of any consultation that the government did with veteran groups or returned and services leagues about this decision to allow public servants to swap Anzac Day?

**Senator McAllister:** Senator, if you look more closely at the direction provided by the previous government, it was simply a direction in the context of a bargaining process and didn't have force. So, I think, the characterisation of a revocation is not accurate.

**Senator CANAVAN:** Well, I'm just quoting from an article in the *Mandarin*, from themandarin.com.au. It's a fairly well-known news service for public servants, keeping them up to date with the government's decisions. It directly says:

Labor reversed a pre-election Coalition decision that forced bureaucrats to take a day off on three observed days: Australia Day, Anzac Day and Queen's (King's) birthday.

That was the decision made by the government. I'm simply asking: are you aware of any consultation that occurred with returned and services leagues, veterans or others involved in the military history of Australia about this decision?

**Senator McAllister:** I'll take the specific question about consultation on notice, but I will just make the point again that—I think this was canvassed in the House earlier today—the broad circumstances of the government's decision around the bargaining process are better addressed to the minister responsible for public service.

**Senator CANAVAN:** Okay, thank you, Minister. I presume, as we highlighted there, Mr Anderson, you won't be looking kindly on staff who want to swap out a public observance of Anzac Day; they're expected to work anyway?

**Mr Anderson:** Senator, I always look kindly on my staff.

**Senator CANAVAN:** But if someone does come to you and say, 'I don't want to observe Anzac Day,' would you accommodate that request consistent with the government's direction?

**Mr Anderson:** It's hypothetical. Honestly, I can't imagine it. At the Australian War Memorial I'm invoking volunteers to help me to man the gates on the busiest day of the year.

**Senator CANAVAN:** I'll turn to an interview that your new chair, Mr Beazley, conducted around 10 days ago, on 6 February. In that interview, he mentioned that he was inducted the week of the interview. What was involved with Mr Beazley's induction?

**Mr Anderson:** It's a process of sitting down and being briefed on the organisational structure, meeting all of the assistant directors and the various work units, undertaking tours of our facilities in Mitchell, WOTSO in Dickson and Campbell, understanding the development—basically trying to get him across the business of the Australian War Memorial, who is running it, how we're running it and what's on our agenda. You call it an induction, but it's also a deep dive.

**Senator CANAVAN:** Were briefing materials provided to the chair? Is there an induction pack or incoming brief of some kind?

**Mr Anderson:** There is certainly an induction pack he would have received, just to make sure he undertakes and fills out all the necessary forms and things. It may surprise you, Senator, but lots of forms are required to be inducted into any Public Service organisation, and he certainly would have had to fill out a number of forms and declarations and other bits and pieces. The briefings that I gave him were oral briefings about the things that engage me most regularly and the ways in which I engage with council and key stakeholders. My briefing was absolutely oral.

**Senator CANAVAN:** So there were no briefing materials provided, as such, on issues and what have you?

**Mr Anderson:** No, Senator.

**Senator CANAVAN:** Can I ask you to take on notice to check if there were any and if we could have a copy of them.

**Mr Anderson:** Yes, Senator.

**Senator CANAVAN:** Were any briefing materials provided to Mr Beazley when he was appointed to the board in October last year?

**Mr Anderson:** The same process, Senator. He wasn't inducted as chair; he was inducted as member of council. That was the process that he went through.

**Senator CANAVAN:** Specifically, were briefing materials provided to new council members?

**Mr Anderson:** That's the process I've just outlined.

**Senator CANAVAN:** Just oral, no written briefings? I would also ask you to take on notice just in case there were any written briefings. Did you or anyone from the War Memorial brief Mr Beazley before the interview he had with Patricia Karvelas on 6 February—specifically about the interview?

**Mr Anderson:** No, but as part of his induction and meeting of staff, I know he met with our Indigenous liaison officer, amongst others, so he would certainly be across the issues as they affect the Australian War Memorial.

**Senator CANAVAN:** Since joining the board in October, has Mr Beazley had any meetings with the Minister for Veterans' Affairs? Has he had any meetings since he was appointed chairman?

**Mr Anderson:** I can't speak to that, but I can clarify that he only was appointed to the board—the vacancy from Dr Nelson—on 1 December.

**Senator CANAVAN:** Right, okay. It was announced in October, was it? Okay. No problems. From whenever he was appointed. Could you take that on notice?

**Mr Anderson:** Yes, Senator.

**Senator CANAVAN:** Could you also take on notice if there were any outcomes from those meetings and how they were recorded. Turning to the interview, obviously this interview largely focused on Mr Beazley being introduced as the new incoming chairman of the War Memorial. He was, however, asked about his opinion on the Voice. He spoke about how he was worried about if it didn't pass. Are there any policies in place around the chairman of the War Memorial's commentary around political issues?

**Mr Anderson:** Not that I am aware, Senator.

**Senator CANAVAN:** I'm asking this because—I've got great respect for Mr Beazley, I should say, but I am mindful that your previous, equally meritorious chair, Mr Nelson, studiously avoided comment on political matters as chair. But that wasn't written down as a policy, was it Mr Anderson?

**Mr Anderson:** Not that I am aware.

**Senator CANAVAN:** It was up to the discretion of the chair at the time. I think Mr Nelson's approach was prudent. Now I just want to turn to the question of the frontier wars issue and more generally on other issues. Has the War Memorial ever been approached to display a roll of honour for men, women and children killed during war—not actively serving members of armed forces, but just, if you like, civilian casualties of war?

**Mr Anderson:** Not in my time, but I'm happy to take that on notice.

**Senator CANAVAN:** Okay. Has the War Memorial ever been approached to house a memorial for the merchant navy?

**Mr Anderson:** From time to time the merchant navy has met with me to ask whether or not the merchant navy Roll of Honour could be incorporated inside the cloisters of the Australian War Memorial. But that Roll of Honour is in the gardens of the Australian War Memorial. So, it's onsite.

**Senator CANAVAN:** But not in the memorial itself.

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

**Senator CANAVAN:** But, just to be clear, the representatives of the merchant navy you've met would like it to be inside the building.

**Mr Anderson:** Yes. They would like the greatest and equal prominence.

**Senator CANAVAN:** Have you given them reasons for the decision not to do that?

**Mr Anderson:** It's longstanding council policy.

**Senator CANAVAN:** What are the reasons for that longstanding policy? What were the original reasons for it being made?

**Mr Anderson:** That they weren't members of the Defence Force.

**Senator CANAVAN:** Right. As we've been through, your act requires you to give memorial to people in active service. So, just to be clear: The key reason the merchant navy's is not inside the building is that they were not in active service at the time of any casualties or involvement in wars.

**Mr Anderson:** Their stories are certainly inside the memorial. But the Roll of Honour that captures the seamen lost in the merchant navy is on a memorial outside.

**Senator CANAVAN:** And there are no plans to include that Roll of Honour in the planned extensions?

**Mr Anderson:** No.

**Senator CANAVAN:** At the last estimates I asked whether or not the War Memorial had met with representatives from the Ngurra complex. Looking at the transcript here, I think you mentioned that you've had 'very preliminary discussions'. Have you had any further updates on the Ngurra project or consultation with them, especially on how it will showcase early settler conflicts?

**Mr Anderson:** Not specific to that, but of course it's a small town, and I know Craig Ritchie well, and we see each other regularly. I've not specifically asked him yet how they will portray frontier violence in the Ngurra Cultural Precinct, but certainly it would be my expectation that they would.

**Senator CANAVAN:** Where is the Ngurra complex meant to be installed?

**Mr Anderson:** In Reconciliation Place, on the other side of the lake—basically between Old Parliament House and the foreshore.

**Senator CANAVAN:** So, right across the lake from here—you could see it from the front steps.

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

**Senator CANAVAN:** Is there any reason you haven't had a formal meeting with those representatives, given your plans to commemorate frontier wars?

**Mr Anderson:** The support that we're providing the Ngurra precinct at the moment simply is that as they're developing their business case and they're working, it is preliminary for them to understand what they're going to be putting in their galleries. At the moment they're going through their interim detailed business cases.

**Senator CANAVAN:** Last estimates I asked you about papers that were put before your board on 19 August last year, especially in regard to the consideration of the frontier wars and how a memorial to them would be

consistent with your act. I've got some questions that relate to the Ngurra section on this, but just before I get to that detail, there are a number of sections of these papers that you've submitted to the committee that have been blacked out, and there's a reference to section 47C. Could I just clarify: is this document that you provided to the committee something that has been also FOI'd and provided under that process?

**Mr Anderson:** Yes, it is.

**Senator CANAVAN:** And the reference to section 47C is a reference to section 47C of the Freedom of Information Act 1982?

**Mr Anderson:** Yes.

**Senator CANAVAN:** I'm just mindful that this process, the tabling of information to a Senate committee, is different and separate to the Freedom of Information Act. There are separate arrangements around the nonprovision of information. Are you able to tell us what's under the black parts, especially in this line of questioning? There's a part on page 22, if you've got the document there in front of you—

**Mr Anderson:** Yes, I do.

**Senator CANAVAN:** Obviously it was something submitted to this committee. It was question 4 from the last estimates. There are three lines there in the middle of the page. It's a paragraph around the Ngurra precinct. That's been blacked out. Are you able to reveal that to us?

**Mr Anderson:** I couldn't tonight, but I'm happy to go back—and I'm looking at Leanne here. My understanding is that where we identified particular individuals or where we involved information that relates to, for example, deliberative content that specifically relates to some of the information that we're hoping to have in the development that relates to galleries and curation and these things, they're still very much subject to going to market. Certainly I know that some of that was taken out, but I couldn't speak to that particular point.

**Senator CANAVAN:** Before providing this document to the committee, did you or any of your staff get advice around the public interest immunity requirements of Senate committees separate from the requirements of the Freedom of Information Act, particularly in regard to the blacking out of these sections?

**Mr Anderson:** I didn't take any advice, no.

**Senator McAllister:** Senator, I think I see the point that you are in the process of making—

**Senator CANAVAN:** Yes, it's a pretty clear one.

**Senator McAllister:** and it's not an unreasonable one. Can I perhaps offer this. I think the officials have sought to provide you with information and, as you've observed, consistent with the way they deal with an FOI request, I think we would be happy to revisit that information and consider the extent to which it meets the Senate's requirements in terms of providing information.

**Senator CANAVAN:** Yes, public interest immunity. I just wanted to be clear—and I'll finish up on this line of questioning. Section 47C of the Freedom of Information Act is around deliberative content, and you've already mentioned that, Mr Anderson. However, I just want to check: You're not claiming that this is deliberative content before cabinet, I presume?

**Mr Anderson:** No.

**Senator CANAVAN:** Okay. So, this is deliberative content before an agency, which does trigger 47C. I would be happy to be corrected by the secretary, the chair or others, but I doubt that that would meet the threshold for public interest immunity of a Senate committee. Deliberations of cabinet would; deliberations of an agency, I very much doubt. So, I would appreciate if you could look at that in light of the actual requirements for a Senate committee.

**Senator McAllister:** That would be the approach that we would intend on taking.

**Senator CANAVAN:** Thank you very much.

**CHAIR:** Thanks Minister, and thank you Senator Canavan. Senator Fawcett, I understand you've got a question.

**Senator FAWCETT:** Mr Anderson, could I take you back to the discussion we've been having around attachment A of the Lockheed Martin document? Paragraph 1 goes to the purpose. Paragraph 2, which has been the subject of most of the discussion, goes to a list of government individuals, bodies and related entities. But the second part of paragraph 2 goes to intent, and the prohibition of that list of individuals, entities et cetera is subject to the intent, and the intent is 'to improperly influence any Australian government official, government employee or candidate for public office or any official of a public international organisation in the performance of his or her

duties or to obtain any improper advantage'. It strikes me that that intent clause actually removes all the contention that was the subject of the former discussion. Would you care to comment on that?

**Senator SHOEBRIDGE:** I'll just make a point of order.

**Senator FAWCETT:** Hang on: I'm asking the witness.

**Senator SHOEBRIDGE:** No, I'm going to take a point of order because—

**Senator FAWCETT:** Senator Shoebridge, order—I'm asking the witness.

**Senator SHOEBRIDGE:** [inaudible]

**CHAIR:** Order! Senator Fawcett, please continue.

**Senator SHOEBRIDGE:** I've taken a point of order.

**Senator FAWCETT:** I've asked a question.

**CHAIR:** What's the point of order, Senator Shoebridge?

**Senator SHOEBRIDGE:** Senator Fawcett is misleading the witness by referring to the wrong document.

**CHAIR:** No, that's not a point of order. Senator Fawcett, please continue.

**Senator FAWCETT:** Well, I've asked a question.

**Senator SHOEBRIDGE:** It's a different document.

**CHAIR:** Mr Anderson, did you hear the question? Or would you like the senator to repeat it?

**Mr Anderson:** I did hear the question, and I do think there are two documents that we're referring to. And this is not helped at all by the fact that Lockheed Martin provide a number of documents with the same heading that are different—over the years.

**CHAIR:** Is it something you could take on notice, just to give some clarity?

**Mr Anderson:** I'd be happy to. Yes.

**CHAIR:** But is there anything else you could help Senator Fawcett with this evening, to answer his particular question?

**Mr Anderson:** Yes. Just to take your point, Senator: No official of the Australian War Memorial ever intended to deceive Lockheed Martin or any other body of our nature as a statutory authority of the Australian government in our dealings with them.

**Senator FAWCETT:** I've never suggested that.

**Mr Anderson:** That's right.

**Senator FAWCETT:** I'm just saying that the intent in this document certainly makes it clear that Lockheed Martin cannot give money if their intent is to have an improper motive, and that's clearly not the case.

**Mr Anderson:** Correct.

**CHAIR:** Senator Shoebridge, you have a few more minutes left.

**Senator SHOEBRIDGE:** Mr Anderson, the document that I think Senator Fawcett was taking you to is a separate and different document. I think he was taking you to the document dated 29 October 2013, which is not the document I was taking to you. That's correct, isn't it?

**Mr Anderson:** Which document is that, Senator Shoebridge.

**Senator SHOEBRIDGE:** That's correct isn't it?

**CHAIR:** Just hold there for a minute. The 2013 document, just for clarity, was the one that was tabled at the last round of estimates, which is up on the website.

**Senator SHOEBRIDGE:** I'm happy to clarify it.

**CHAIR:** The document from the last round of estimates is from 2018, and it does note that the War Memorial is the authority on behalf of the government. The document that has been passed on by Senator Shoebridge this evening does make reference, towards the back, but I think in a very similar but different content.

**Senator SHOEBRIDGE:** Different documents.

**Senator FAWCETT:** Which date is your document, Senator Shoebridge?

**Senator SHOEBRIDGE:** The questioning that I had of Mr Anderson was regarding a document dated 22 August 2014, which is a completely separate document to the one you took, Senator Fawcett, which is 29 October 2013.

**Senator FAWCETT:** Yes, but paragraph 4 of your document has exactly the same words with the same format and the latter part of subparagraph 4 has the same intent clause which clearly makes the whole argument rather moot.

**Senator SHOEBRIDGE:** I'm glad you're not my lawyer, Senator Fawcett.

**CHAIR:** I'm mindful of time, so can we get to a couple of your questions, please, Senator Shoebridge.

**Senator SHOEBRIDGE:** Could I take you to the next relevant document. There's a 6 February 2018 document. Do you see that?

**Mr Anderson:** Yes, Senator.

**Senator SHOEBRIDGE:** That does have a notation on the second page under paragraph 3. Do you see that?

**Mr Anderson:** I do.

**Senator SHOEBRIDGE:** I think that's consistent with the notation in a document we discussed on the last occasion.

**Mr Anderson:** Yes, Senator.

**Senator SHOEBRIDGE:** I'll take you to the next document which is now the 30 October 2019. Do you see that?

**Mr Anderson:** Yes, Senator.

**Senator SHOEBRIDGE:** You see that has in paragraph 3, again, the recipient organisation is not an agency, organisation, association or instrumentality of any government, any political party or a public international organisation, and is not otherwise owned in whole or in part or controlled by any government or any political party or public official or an official of a public international organisation. Do you see that?

**Mr Anderson:** Yes.

**Senator SHOEBRIDGE:** Do you see on the next page that it's acknowledged and certified by a person who purports to be duly authorised by the Australian War Memorial and signed on 13 November 2019. Do you see that?

**Mr Anderson:** Yes.

**Senator SHOEBRIDGE:** That was also false, wasn't it?

**Mr Anderson:** Yes. It was a mistake, Senator.

**Senator SHOEBRIDGE:** And there's no qualification or clarification.

**Mr Anderson:** There's another agreement that sits on top of this funding allocation. An agreement between the Australian War Memorial. It's a specific grant and award agreement that refers back to the earlier agreement where the grantee's mission and status—the Australian War Memorial—is clearly articulated.

**Senator SHOEBRIDGE:** I asked on the last occasion for all documents to be provided. You didn't provide that.

**Mr Anderson:** We were asked for compliance certification documents, and all those were provided.

**Senator SHOEBRIDGE:** I thought your answer was that this other document was incorporated into this certification. You can't have it both ways. Do you understand that, Mr Anderson? They can't be incorporated and not provided.

**CHAIR:** Senator Shoebridge, can you allow Mr Anderson to answer your question, please.

**Mr Anderson:** The point is that in our dealings with Lockheed Martin Australia there was a specific project grant award agreement that covers all of the certifications that you've referred to today. And in those we have clearly stated to Lockheed Martin—and they were in no doubt—as to the Australian War Memorial's legal status and standing. That's the point I'm making.

**Senator SHOEBRIDGE:** Again, Mr Anderson, you knew that Lockheed Martin needed this signed certification that the War Memorial wasn't a part of the Australian government to comply with Lockheed Martin's US statutory obligations not to be providing money that could be seen to be in some way undermining the independence of a foreign government. You knew that they needed this certification in order to get the money, didn't you?

**Mr Anderson:** The Australian War Memorial knew that Lockheed Martin knew the Australian War Memorial's status as the statutory authority of the Australian government.

**Senator SHOEBRIDGE:** You may have thought that they had had that arrangement, but you knew this certification in this form was essential for Lockheed Martin to be able to comply with US laws, and it appears to be the case that the War Memorial was willing to sign false certifications to get the money, because that's happened on at least two occasions here, hasn't it?

**Mr Anderson:** There are two occasions, and I draw your attention, as you've kindly done, to the fact that on other occasions we did draw to the attention of Lockheed Martin Australia the legal standing of the Australian War Memorial, and we had sitting on top of all of these sponsorship agreements a document between the Australian War Memorial and Lockheed Martin where we clearly expressed our legal status, so Lockheed Martin were in no doubt as to the Australian War Memorial's legal status.

**Senator SHOEBRIDGE:** Have you any concern about any legal liability for the Australian War Memorial for having falsely signed documents and made false representations in order to receive funds? Have you any concern about the legal liability of the War Memorial officers who have done such a thing?

**Mr Anderson:** I have to say that I don't have any concerns, because I'm confident that Lockheed Martin understood the legal personality of the Australian War Memorial when we engaged in these sponsorship arrangements.

**Senator SHOEBRIDGE:** Are these just isolated practices where the Australian War Memorial signs certifications that are plainly, baldly false? Are these just isolated incidents?

**Mr Anderson:** Of course they are.

**Senator SHOEBRIDGE:** Have you undertaken some kind of due diligence to review other compliance certificates for US corporations following the concerns that have been raised?

**Mr Anderson:** Senator, in the last Senate estimates you asked for those compliance certificates that we had signed for this organisation and other organisations, and my understanding is that these are the ones that we've signed. I'm not aware of others. That was the question last time.

**Senator SHOEBRIDGE:** Given there appear to be additional documents that weren't provided last time that you said were incorporated—we don't agree on that, but you say they were incorporated—into these certificates, are there any other documents that you have not provided that you say relate to contributions, disclosures or compliance certificates?

**Mr Anderson:** Not that I'm aware of, but I'm happy to take that on notice and go back and do another check.

**Senator SHOEBRIDGE:** And that includes for Boeing and all those other corporations that we spoke about earlier and that are identified in those answers on notice?

**Mr Anderson:** Of course.

**CHAIR:** Thank you very much, Senator Shoebridge.

**Senator SHOEBRIDGE:** Can I just finish on one thing: Mr Anderson, we may disagree on this, and clearly we do, but can I indicate that the steps that the Australian War Memorial is taking to acknowledge the frontier wars—which I think, on any view, are consistent with the functions of the memorial under section 5(1)(a)(ii) of the act—are noted, and I hope that they have a degree of prominence in the new display that will be opened at some time.

**Mr Anderson:** Thank you, Senator.

**CHAIR:** Senator Fawcett, you have the call.

**Senator FAWCETT:** On a point of order: I accept Senator Shoebridge has the right to point out the inaccuracies that Mr Anderson has acknowledged, but the imputation of motive, I think, is out of order, particularly given that there have been a number of documented precedents where that disclosure clause was added to subparagraph (3) and the funds were still delivered, so there was no motivation for the War Memorial or its staff to deliberately omit that information as per the imputation made. I think that should be withdrawn.

**CHAIR:** Senator Fawcett, I appreciate what you're saying. I have just consulted the secretariat. Given the documentation that we had circulated by Senator Shoebridge—and we're all going through those documents—what I will say, Senator Shoebridge, is that I don't know if you, after reflecting on what Senator Fawcett said, would be prepared to some degree to acknowledge or at least withdraw some of the imputations. But otherwise, given that the document itself hasn't been tabled, I'd rather just move on to our next item on the agenda.

**Senator SHOEBRIDGE:** Well, I want to be clear: the documents speak for themselves, and my questions were in relation to documents which tell a plain truth, and I believe my questions were in order and entirely appropriate.

**CHAIR:** But I guess the reflection on the staff of the organisation.

**Senator SHOEBRIDGE:** I can't explain the motives for certifying a document that is so obviously false. I am not in a position to explain the motives. It's for the War Memorial to explain the motives.

**Senator FAWCETT:** Senator Shoebridge, I accept that, but you went beyond that. You imputed a motive to the War Memorial staff.

**Senator SHOEBRIDGE:** I want to be clear. I think these documents were signed to get money, and it would appear that that's clearly their intent. They were signed solely for the purpose of getting money. The best that could be said is that the War Memorial was extraordinarily reckless in signing the documents.

**CHAIR:** Senator Canavan, before I go to you I just let the committee know that we'll go to you and then we will break before we go to the Department of Veterans' Affairs.

**Senator CANAVAN:** Okay. I'll be as brief as I can.

**CHAIR:** Thank you.

**Senator CANAVAN:** I want to go to the request for legal advice. You provided an answer to question on notice No. 11 from last time. You provided some commentary there on why you believe a reinterpretation of the Australian War Memorial Act to allow the commemoration of the frontier wars is allowed. In that you say there is an alternative reading of the act and state:

... that Australian military history is the history of "wars and warlike operations in which Australians have been on active service, including the events leading up to, and the aftermath of, such wars and warlike operations" ...

I refer to the Anzac Day Act. It's a very small act. Section 3 of that act says:

The national day of commemoration to recognise and commemorate the contribution of all those who have served Australia ... in time of war and in war-like conflicts ...

Given that you're now effectively using that same definition for frontier wars, are you planning and does the War Memorial have plans to commemorate the frontier wars on Anzac Day?

**Mr Anderson:** Could you repeat the question? Sorry, Senator.

**Senator CANAVAN:** Your interpretation of the act is now very similar to the definition in the Anzac Day Act of what Anzac Day is about in terms of frontier wars. Does the War Memorial have any plans to commemorate frontier wars on Anzac Day?

**Mr Anderson:** Not that I'm aware of.

**Senator CANAVAN:** It's just that, if you're using that definition, it would seem logical. The next sentence in that answer you provided to us says:

This second reading—

the alternative reading—

would appear to allow consideration of Memorial treatment of the Frontier Wars ...

I want to focus on the words 'would appear to allow consideration'. That actually doesn't say that in your view the act gives you the power to commemorate frontier wars. It says it that would appear to allow you to consider whether to do that. What the legal view on this matter? Can the War Memorial commemorate frontier wars under your act?

**Mr Anderson:** I'll go back one step, if I may, to note that we've had frontier wars depicted in our galleries since 1986. That's what we know. The legal advice that was sought in 1992-93 was asking that specific question: 'Well, can we?' The advice back then was so long as two matters of fact were established. If it was war or warlike was the first of the tests. The second one was that it involved—

**Senator CANAVAN:** Active service?

**Mr Anderson:** Yes, and the second one was that it involved the Aboriginals or First Australians and the Defence Force, and the Defence Force being defined as any force—naval or military—raised by the Crown in Australia prior to Federation. So those are the two tests we need to establish for the memorial. The other thing I would say is that, when we're talking about depiction in our galleries—and I think the memorial has at least 62 works of art related to frontier violence in its collection—the act expressly states that we are to make the collection available and we have a responsibility to exhibit things that are within our collection. We certainly have items related to frontier violence in our collection and under our act we're able to display them and to exhibit them.

**Senator CANAVAN:** I was probably a bit loose in my language before about legal advice, because I believe at the last estimates it was revealed that there hasn't been any more updated legal advice around this issue—

**Mr Anderson:** Not since 2013.

**Senator CANAVAN:** I just want to check that, since the last estimates, you haven't sought any legal advice.

**Mr Anderson:** No, Senator, we've not.

**Senator CANAVAN:** Has the minister or the minister's office requested any updated advice or briefings around this issue?

**Mr Anderson:** No, Senator.

**Senator CANAVAN:** Has the minister or the minister's office requested any legal advice be put before the minister?

**Senator McAllister:** I'll take that on notice.

**Senator CANAVAN:** The answer to question No. 15 at last estimates revealed that the minister had not been provided with a copy of the previous legal advice that had been sought. Is that still the case? Has a copy of that legal advice been provided to the minister or his office?

**Mr Anderson:** I'll take that on notice.

**Senator CANAVAN:** I'll turn to one final issue before, I think, we can move on. I want to go to the installation of a geothermal heating project at the War Memorial. Are you familiar with that?

**Mr Anderson:** Yes, I am.

**Senator CANAVAN:** What's the budget for the geothermal heating project.

**Mr Hitches:** The budget for our geothermal is \$10.1 million.

**Senator CANAVAN:** Was that the original allocated budget?

**Mr Hitches:** It is.

**Senator CANAVAN:** Do you have any updated costs or final cost estimate for the project?

**Mr Hitches:** We don't, but we have let three parts of that work, which are the major parts, and they're currently on budget.

**Senator CANAVAN:** Do you have any information indicating that you may not come within that \$10.1 million budget to date?

**Mr Hitches:** There's some work that we're going through at the moment where the replacement of plant appears to be a little more expensive, but we're working through that at the moment.

**Senator CANAVAN:** Do you have an estimate of what increased costs that could be?

**Mr Hitches:** I don't have an accurate one, but it's not a large difference, so we expect that we will be able to get back to budget or, if not in budget, then very close.

**Senator CANAVAN:** The \$10.1 million budget?

**Mr Hitches:** Correct.

**Senator CANAVAN:** Is this project required or partially required because of ACT government regulations?

**Mr Hitches:** It wasn't required because of that, but it was envisaged to assist with ACT forecasts of where we're going with reducing gas usage.

**Senator CANAVAN:** Was it in any way part of the conditions of the development approval?

**Mr Hitches:** No, it was not.

**Senator CANAVAN:** So, just to be clear, you volunteered this to the ACT government to help them?

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

**Senator CANAVAN:** There was no requirement placed on you. My understanding is that, in the minister's press conference announcing this, he mentioned that there would be a cost saving from this. Is that still the case, especially given the risk of the higher budget for it?

**Mr Hitches:** That's correct. At the moment we believe it will save in the order of a million dollars a year in energy costs and some thousand tonnes of CO2 equivalents per year, and we see that that will still be recovered in somewhere between eight and 10 years.

**Senator CANAVAN:** Was there a spreadsheet or some kind of calculations done to get to that figure?

**Mr Hitches:** There's a full business case that is put together for it.

**Senator CANAVAN:** Could we, on notice, get that document and any related spreadsheets that allowed that calculation?

**Mr Hitches:** Certainly.

**Senator CANAVAN:** Can you explain what you're doing? Where's the geothermal heat coming from?

**Mr Hitches:** We're drilling holes underneath the Bean building, which is to the east. Those holes go down some 150 metres and there are 216 plant holes. We send either warm or cool water down and the earth then changes the temperature of the water and brings it back up and—

**Senator CANAVAN:** It goes through a standard steam turbine?

**Mr Hitches:** No. It's very much using the temperature of the earth to either lift or reduce—

**Senator CANAVAN:** Just straight heating?

**Mr Hitches:** That's all it is. It's very passive.

**Senator CANAVAN:** So it doesn't generate electricity; it's just for heating?

**Mr Hitches:** No, it does not. It's heating and cooling.

**Senator CANAVAN:** Is there any indication that the efficiency of the project will be the same as first expected?

**Mr Hitches:** Currently we believe it will be, and the equipment we're using is very efficient equipment, which is part of this most recent review of costs, which is just the equipment part. What I would say is that that's only about one-third of the overall cost and, as I said, the other two-thirds are currently on or under budget.

**Senator CANAVAN:** I might leave it there. Thank you very much, Chair.

**CHAIR:** Thank you very much, Senator Canavan. Thank you again to the Australian War Memorial. On behalf of the committee, to your staff and all your volunteers, you do an excellent job. Keep up the good work and we will see you at the next round of estimates. On that note, I propose that we break and come back with the Department of Veterans' Affairs.

### **Proceedings suspended from 21:14 to 21:28**

#### **Department of Veterans' Affairs**

**CHAIR:** We might be ahead of schedule, which is good. Hello, everyone. I now welcome the Department of Veterans' Affairs. Thank you, Secretary and officials, for appearing before estimates this evening. Do you have an opening statement?

**Ms Frame:** I do.

**CHAIR:** In the interests of time, could you just table it for us and we'll circulate that amongst the committee as whole?

**Ms Frame:** Certainly. I'm happy to do that. I will table the statement. It concludes by saying that, as I have been the secretary for just over three weeks, I am accompanied at the table today by colleagues who can assist the committee with their questions and other experts in the department.

**CHAIR:** It sounds like you've got some good back-up there. Good on you! And congratulations, as well.

**Senator CADELL:** I want to go to questions on notice from October, if I may. The answer to question 41 was taken on notice. Going to tables 3A and 3B, we have data up to October; are there more recent figures than that, especially on the initial liability for the DRCA and MRCA?

**Ms Frame:** I understand we put up the most recent figures as at 31 January earlier this afternoon, which is our standard time frame.

**Senator CADELL:** Can you tell me what they are?

**Ms Frame:** I will check the exact numbers, but—are you talking about the backlog or claims on hand?

**Senator CADELL:** The average time taken to allocate days: 3B.

**Ms Frame:** I might get Mr Smith or the relevant FAS who has all the detail on those numbers. Can you clarify your specific question?

**Senator CADELL:** I would like to know the latest figures—you said January would have been put up today—for the average time taken to allocate on the DRCA initial liability and MRCA initial liability.

**Ms Frame:** We'll get you the specifics on the number. I'll pass to Mr Smith for more specifics on the number.

**Mr Smith:** As the secretary has mentioned, today we posted the figures on the DVA portal showing the latest statistics in terms of our claims and, indeed, time taken to process. Those figures show that time taken to process initial liability for MRCA is at 413 days on average, while time take to process VRCA permanent impairment is 254 days. We anticipated that the time taken to process would start to expand as we took the opportunity to address more and more claims and, in addition to that, to give priority where we could to the longest claims that have been in the backlog. As we start to address all of those long-term claims, the average is going to stay high. As we bring the backlog down further, the time taken to process will start to reduce. This is in accordance with the projections that we anticipated through the demand-driven funding model.

**Senator CADELL:** What are the DRCA numbers on those?

**Mr Smith:** I can take those ones on notice and come back to you.

**Senator CADELL:** My concern is a blowout or an increase in time is significant, and a lot of time was spent here last estimates talking about the increased staff, the change in culture, and bringing contractors in. I get the processing date, but it has doubled—more than doubled in the permanent impairment stuff. That's not an increase, that's a problem. People are waiting more than a year.

**Mr Smith:** The average has doubled because we have more people that we're dealing with now, and many of them are the long-term people who have been waiting in the queue. I know it sounds counter-intuitive, but it is taking our average back out as we deal with more and more claims. We previously weren't dealing with as many claims because we didn't have the staff. Now we have the staff, we're processing more claims. In particular, we're processing those that were on the long-term list, so the average is going up. It's in accordance with what we were forecasting. It will come down as we start to work our way through the backlog.

**Senator CADELL:** When is the forecasted peak?

**Mr Smith:** I'll take that one on notice.

**Senator CADELL:** I'm going to have a slight problem about taking things on notice, after my answers from last time—I'll come to it shortly. Could I get the average time taken for both DRCA and MRCA, that would be great. I'm going to more numbers: to question No. 42, and then I think I'm going to 39 and 38, if that helps to work it out in advance.

**Ms Frame:** Thank you. I have that one here in front of me.

**Senator CADELL:** I'm looking at table 1 and the DRCA and MRCA initial liabilities staying the same over the next four years. Is my reading of it correct—it's exactly the same number?

**Ms Frame:** This is forecast claims coming in.

**Senator CADELL:** Correct; yes; understood. Now, my understanding is that, in the royal commission, one of the challenges or one of the concerns was failing to forecast increased numbers, and there was a real concern in the royal commission about failure to increase. We are talking about an increase in defence recruitment of 20,000 people. Why do we think that the numbers will remain the same for the next four years in all of these categories?

**Ms Frame:** It's my understanding that the numbers have remained relatively consistent for initial liability for the last few years. There has been, I think, a six per cent increase in initial liability claims, so it has increased, but it's a lower rate of increase, and that has been the case for the past few years. The most significant increase, where it increased quite drastically, was around 2017 and 2018, when there were some changes in methods, and MyService was launched, and there was promotion of lodging claims while you were still serving. So there was behaviour and education or information that aligned with the increase in claims. Since that time, after that really big increase, the numbers of initial liability claims have relatively stabilised. The number of permanent impairment claims has increased most significantly, by about 37 per cent, I think, this financial year, but that is a direct function of the increased processing of claims of initial liability, because, as you know, once you are processing more initial liability, that results in more claims for permanent impairment.

**Senator CADELL:** And that's why that's falling back down next year, under these projections?

**Ms Frame:** I was at that point just responding on initial liability—

**Senator CADELL:** But you just mentioned permanent impairment, and you see the numbers here growing, as you just said—

**Ms Frame:** As we process. We are processing a significantly increased volume of initial liability claims, and that results in an increase in permanent impairment claims. It's a direct flow-on effect.

**Senator CADELL:** Moving on to question 39, a question on notice—

**Ms Frame:** We're just getting that one. Yes, I have that one in front of me.

**Senator CADELL:** In the answer, in relation to questions 1, 2 and 4, it says the Department of Veterans' Affairs does not have staff solely dedicated to eliminating a claims backlog. This is confusing, given the last time we were talking about that. It talks of 500 frontline staff to cut waiting times and the backlog of claims. Surely, some of those 500 are dedicated to cutting the waiting times? I'm just processing the evidence from last time versus that question.

**Ms Frame:** That's correct. There are staff there who are working on eliminating the backlog, and there has been an increase of 262 staff in the claims processing area since 1 July last year.

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

**Senator LAMBIE:** Have you had to remove them out of other departments to fill in there? Are you now deficient in other departments to do that? I've seen the shuffle around before, and it was not successful.

**Ms Frame:** No. They are coming through direct recruitment of non-ongoing staff or through labour hire companies, but we are also reducing the use of that.

**Senator LAMBIE:** So is that extra, or is that because you had higher staff already there, and you are now claiming that they are now staff because you have moved them over? What is the true—what does it look like?

**Ms Frame:** It's both.

**Senator LAMBIE:** How many brand-new staff in those 250 positions do you have that were not in the department to start with?

**Ms Frame:** I might have to take that on notice.

**Senator LAMBIE:** Thank you. Sorry, Senator Cadell.

**Senator CADELL:** That's alright.

**Ms Frame:** If I could just clarify: it is a net increase in the compensation claims area of 262 staff since 1 July last year.

**Senator CADELL:** Is that headcount or ASL?

**Ms Frame:** I need to check that. The headcount, I think, was 307, and the ASL is 262.

**Senator SHOEBRIDGE:** I think the question that was asked was not about whether there's been a net increase in that part of the department but whether or not it's a net increase in the department as a whole, because if you're cannibalising other parts of the department to bring them—that's the concern that I think Senator Lambie was raising.

**Ms Frame:** Thank you for that clarification, because I took on notice how many had transitioned through from labour hire.

**Senator LAMBIE:** Yes, it's both. I was meaning both.

**Ms Frame:** It is a significant net increase in the whole-of-department staffing as well. I have those numbers for you, if you would like.

**Senator CADELL:** Now seems a good time.

**CHAIR:** Ross, I don't actually have the QoN in front of me, but does it relate specifically to the department?

**Senator CADELL:** My question was largely answered. This was a follow-up by Senator Lambie, I believe.

**Ms Frame:** Ms Goddard may be able to provide some numbers there.

**CHAIR:** I think it would be useful to Senator Lambie and the committee as a whole if you could also provide a further breakdown—maybe another column which shows how many brand-new employees there were to the department.

**Senator CADELL:** Ms Frame, for background, there was some concern last time here that, when we were talking about transitioning labour hire and employment staff and ASL count versus increases, it just got messy from the different columns. That's just for clarification.

**Ms Frame:** I appreciate that, Senator. We can provide the numbers on notice, but I can also make it clear that there has been a significant net increase in the whole-of-department staffing and a significant net increase, as I said, in the compensation claims area specifically, and in health services and other areas that are impacted by increased claims-processing activity as well. Ms Goddard?

**Ms Goddard:** What I can provide to you, senators, is the DVA total headcount. In June 2021, it was 3,067; in June 2022, it was 3,584; and, as at 31 January this year, it's 3,973. So the department has been growing.

**Senator CADELL:** Do you have an ASL version of that?

**Ms Goddard:** I would need to take that on notice. I've got headcount here.

**Senator CADELL:** And did your previous numbers, the 3,067 and the 3,584, include labour hire contractor numbers?

**Ms Goddard:** Yes, it did.

**CHAIR:** I'm interested to know, also on those figures, if some people are transferring from labour hire to full-time or part-time employees. Is that being captured somehow? Is there a way of breaking down the increase from contractors and the increase from brand-new people, who had no connection to the department initially? Do you see the distinction I'm trying to make between the two? Yes, there has been an increase, but is the increase because you've got contractors who have now been offered full-time employment with the department or because you've got people off the street who have applied for a job with the department?

**Ms Goddard:** We would need to take that on notice—

**CHAIR:** Could you? Thank you.

**Ms Goddard:** and see if we can get that information from our systems.

**Senator McAllister:** These are difficult conversations to have in the abstract and to have verbally, because they go to big numbers and complex ideas. But I think, to be very clear, the department is in the process of both recruiting additional personnel to bolster the numbers of people in the department available to do the work of the department and converting existing staff from labour hire to permanent personnel in recognition of the benefits that arise from having a workforce permanently attached to the department.

**CHAIR:** Senator Cadell?

**Senator CADELL:** When it says 'does not have staff solely dedicated to eliminating the claims backlog', is that because they are dealing with all claims; there aren't just people working on backlogged claims? If I come on board, I'm dealing with all claims, not just the backlog. There's no specific backlog task force?

**Mr Smith:** The majority of the people who are being brought on through the recruiting process are being trained as delegates or support officers, or senior delegates, to make a decision on a claim when it is allocated to a delegate. There are still some other staff in the division who are working on the backlog, and they're working on that backlog in a number of areas. They're assisting in the prioritisation of the backlog once a claim has been lodged with the department. They're assisting in a claim support team that starts to gather all the paperwork that is required and make it ready for when it is allocated to a delegate to make a decision. But the bulk of those personnel being recruited are focused on bringing the backlog down by making decisions on those that are allocated to them.

**Senator CADELL:** So how many staff—when we're getting their ASL and headcount—are now working on claims processing, not the delegates?

**Mr Stuart:** What I can give you at the moment, Senator, is that, in that increase to 652 full-time equivalent staff, there are now 49 senior delegates focused on making decisions; 416 delegates focused on making decisions; 127 trainees; and 60 support officers. That's as of 31 January.

**Senator CADELL:** Okay. The first line of the second paragraph in the answer to question 39 says: DVA is not able to provide total number of staff dedicated to claims processing before July 2022. Why can't we do that, and how do we judge 500 extra?

**Ms Frame:** I would need to take that on notice. I wasn't in the department. I think we'd best take that on notice, Senator, to make sure we get you an accurate response.

**Senator CADELL:** That'll be fine. I'm going to be careful here: you will take it on notice? There were some things last time where I asked, 'Can you take it on notice?' and I got one-word answers back. It was quite frustrating. That'll come up shortly.

With reference to table 1, which is on the second page and which provided full-time employment by type as of November 2022, can the department provide all of those figures in the same table? I think that's what you're after there. Is that the same?

**Ms Frame:** Table 1, 'Client Benefits Division staffing'.

**Senator CADELL:** Can we get that updated?

**Ms Frame:** Yes, we can submit that.

**Senator CADELL:** Thank you very much. Will you update that? Thank you. I'm learning. In the government's response to the Royal Commission into Defence and Veteran Suicide, it said:

DVA has advised the Government that based on the current rate and projected rates of claims being lodged, the employment of these additional staff over the next two years will enable it to remove the backlog of claims by 31 December 2023, without adversely affecting the quality of decisions or the experience of veterans in having their claims processed.

Is that still your belief?

**Ms Frame:** That statement, I understand, pertains to the initial liability backlog, and it remains an accurate statement.

**Senator CADELL:** You say you're still on track to achieve that estimate. If not, what factors could change that going forward over this year?

**Ms Frame:** As I think the response pointed out, it's subject to bringing the staff on, as we've demonstrated. We're going to provide the specifics of the numbers. But, as you can tell from the aggregate numbers provided here, there are a lot of new staff joining the department. That is difficult because of the current labour market. It's a very buoyant labour market. That's why we are bringing staff on through non-ongoing channels as well as still using some degree of labour hire because it increases the number of staff we can draw on, and that is something that's helpful and necessary at the moment, when we need to attract staff in such high numbers. We also need to retain staff, obviously, in the current labour market. So they are the challenges that we are constantly contending with. We are at the moment faring well due to, I think, the diverse methods that we've put in place to continue to attract staff and train them as quickly as we can in this complicated work.

The other variable in there is how many new claims are lodged. Even with the backlog of initial liability claims at the moment, there are a significant number of them that have been lodged in the last three months. So we're all the time balancing how many staff we have, how many we are bringing on, where they are in their training and what's happening with the new claims coming in. But, as I said, the statement about being on track to eliminate the initial liability backlog by the end of the year remains accurate.

**Senator CADELL:** If we can track the number of labour-hire people we've converted into non-ongoing or ongoing employment in the claims processing, is that having an effect on how many people we can actually get through labour hire? Are we taking people that would work for us in labour hire? Are we doing that the right way or are we robbing Peter to pay Paul?

**Ms Frame:** Can you explain that, please.

**Senator CADELL:** If I've got someone working on claims via labour hire, but I'm recruiting them into full time in the department, isn't that really not increasing the number of people that are working on it at all?

**Ms Frame:** Not as I understand it, because we keep bringing people through that channel.

**Senator CADELL:** The next questions on notice would be Nos 32 and 33. Now, Minister, I don't get grumpy, but I'm a little bit grumpy about this one. Before we get into the detail of this, the answers to questions 1, 3 and 4 are just single words: yes, no, yes. Potentially, I've used bad English—you've got me on 'Can you?' and you've told me yes. Is this the answer that the department drafted for this?

**Ms Frame:** I obviously don't know. I would need to—

**Senator CADELL:** Who would know?

**Ms Frame:** We might need to take that on notice.

**Senator CADELL:** Okay. I find it problematic that—

**CHAIR:** Who is the official that signs off on the QONs?

**Ms Frame:** They would have been signed off by the then secretary, as I understand it.

**CHAIR:** I think that's what Senator Cadell is asking.

**Senator SHOEBRIDGE:** Did it go through the minister's office?

**Ms Frame:** I'm not across the process in this department for QONs—we haven't had any in the weeks that I've been here—but Ms Pettitt can assist. She is the chief of staff and was the chief of staff to the previous secretary.

**Ms Pettitt:** It is our routine process to submit all responses to Senate estimates questions on notice to our minister's office for noting.

**Senator CADELL:** Is the response in front of you what the department drafted to go to the minister?

**Ms Pettitt:** I would have to check and take that on notice.

**Senator CADELL:** And you will do that?

**Ms Pettitt:** I will take that on notice that I will check and I will provide a response, yes.

**Senator CADELL:** Okay. Getting into the detail: given the committee has been advised that these questions can be answered with a yes, I would now seek answers to: where in the PBS can the movement of funds be seen?

**Ms Frame:** Our CFO will assist with these questions.

**Mr Casson:** You are asking about the portfolio budget statement movement of funds. In answer, yes, we did request a movement of funds—

**Senator CADELL:** I can see that, yes.

**Mr Casson:** Yes. I think your reference was to page 29 of the PBS, where it mentions the movement of funds specifically related to advocacy grants and support, which is under program 1.4, on page 31 of the PBS.

**Senator CADELL:** Not that hard. Thank you. And will you provide a list of all the movements of funds for administered funding made in the budget above \$20 million?

**Mr Casson:** Yes, we didn't have any above \$20 million.

**Senator CADELL:** Great. That was the 'no' answer, so we've got that. I'll go back to one thing I didn't ask on that previous question about whether this was the answer drafted by the department. If it is not, will you table the original answer drafted by the department?

**Ms Frame:** We'll take it on notice, because there's a threshold question initially.

**Senator CADELL:** Great. If it's not, please table that. Under question on notice No. 34, if I may. We'll get through the whole lot eventually.

**CHAIR:** Out of interest, is it possible to place any of these on notice—

**Senator CADELL:** I'm scared to!

**CHAIR:** Subsequent to what conversation we have had, I'm sure the secretary will take on board the comments to date—just to speed up the process. I am mindful we only have one hour to go.

**Senator CADELL:** I'd be happy to, in the break after this block of questions, to consult with others and work out what to do on that. I'm happy that out of the seven questions in this only four are single-word answers. With reference to the answer to question No. 34, relating to savings from advertising, external labour, travel and legal expenses—again, this is exactly the same question as the ones before—is this the answer the department drafted?

**Ms Frame:** We'll take that on notice.

**Senator CADELL:** Thank you. If it's not, will you please table the answer the department drafted.

**Ms Frame:** I'll take that on notice.

**Senator CADELL:** Thank you. Can the department now explain what the funding on page 23 of the PBS in table 1.2 refers to. Can you identify where the funding from savings from external labour, advertising, travel and legal expenses will be used as a saving in 2022-23 as well as across the forward estimates?

**Mr Casson:** Those measures are a whole-of-government measure, and they are directed towards the government's priorities in the budget.

**Senator CADELL:** So they're not within the department?

**Mr Casson:** No, not those savings.

**Senator CADELL:** On question No. 38, if I may, in clause four, the department says that as a part of its public reporting on claims processing the department will not now routinely revise the estimated time frame for clearing the claims backlog. Why not, given you're still confident of time frame?

**Ms Frame:** Is that question 4—'Will the reporting include a measure that routinely revises the estimated time frame?'

**Senator CADELL:** Yes.

**Ms Frame:** I'm not sure. I will find out more information for you. It could be that there would only be a revision if there were a concern that that deadline would not be met. I have affirmed that is still on track. But I will ask more questions and find out.

**Senator CADELL:** Would you be willing to consider internally, for confidence of the veterans and confidence of the parliament, that even if it is on track you just say it's on track routinely? I feel that would be a very good thing for a lot of people.

**Ms Frame:** Thank you, Senator.

**Senator GREEN:** I also have some questions about the backlog. Some of them have been covered by my colleague. I just want to double-check a couple of things. When we were here at the last estimates the former

secretary stated that under the previous government the department would have never cleared the backlog. Since May 2022, I know, the department has done a number of things to address the backlog. Can I just understand, in terms of triaging those claims, how is that being done with the new staff? I imagine there are some staff that are very experienced and then there are some staff that are just learning. Is there a way of triaging those claims to reduce the backlog?

**Ms Frame:** I'll get Mr Smith to give you more detail on that one.

**Mr Smith:** I'll make a couple of remarks, and then I'll invite to the table Ms Natasha Cole, who has been running the division and the aspect that you have just described in terms of triage. As I mentioned earlier in one of my responses, the personnel that have been brought in under the recruitment have been focused on training up to make decisions on claims—to be delegates. We've drawn more on the experienced people in the division and retained them in the area of triaging the claims before they get allocated. Those people are experienced in things like screening it when it's lodged or going on to the claims support team and working out what paperwork is still not ready before they hand it to a delegate.

**Senator GREEN:** Just to assist, the second part of my question, which might have been missed, is: How is that actually assisting in reducing the backlog?

**Ms Cole:** Screening in and of itself doesn't really help in the reduction of the backlog, but it's very important in terms of managing the backlog so that those veterans who are vulnerable for whatever reason—financial issues, particularly, or perhaps mental health issues or treatment needs—are identified early and dealt with early. Initial liability, which is the first stage of the claims process, is the key to getting particularly health services, which is often what is needed in the first instance for a veteran who's vulnerable for whatever reason.

We do the screening in a couple of different places, as Mr Smith has described. In the first instance we have a specialised screening team. That specialised screening team works closely with our triage-and-connect team to identify, using a specialised tool which has been provided by our clinical psychologists, those people who may be vulnerable and to refer them for further services, including things like further clinical services, social workers and so forth. Later on, if a person is indicating that their circumstances have changed—perhaps they weren't screened originally as being a high-priority case—then they are able to be assessed by that same tool and go through that process later on. The screening is really important in terms of managing the backlog, but it's not a specific tool to reduce the backlog.

**Senator GREEN:** Yes, understood. In November 2022 the former secretary stated that the claims backlog would be cleared by March 2024. In terms of the increase to staffing, I know you've given some information to my colleague, but do you have a date that you think the backlog will be cleared by, in terms of how it's tracking?

**Ms Frame:** As I outlined earlier, there are a number of variables that continue to affect how we're tracking, but there certainly is a pathway to eliminating the backlog. That obviously includes permanent impairment as well. I was talking to the senator earlier about initial liability. But, as I also pointed out, the permanent impairment claims numbers increase in line with an increase in processing of initial liability, so there are all those flow-on effects. But there is a pathway, and the government has committed to eliminating the backlog by March 2024, and that remains our objective. I just pointed out those—not constraints, but the variables that we balance, which are claim numbers, incoming and staff numbers, recruitment, retention.

**Senator GREEN:** I think everyone understands that—not to ad lib too much, Chair—but I also think it's important to keep that target. If we have that date in mind, it's something to work towards. I know you're really committed to doing that, and so is the government. There are lots of things that might happen between now and then that are out of people's control, but it is important to the community for them to understand that there is light at the end of the tunnel.

**Ms Frame:** Yes, most definitely.

**Senator GREEN:** That's really good to hear. I want to quickly touch back on the growth in claims. Mr Smith, you mentioned that there has been a growth in claims and that that's a bit of what's contributed to the increase in time frames for getting things processed. What things have contributed to that growth in claims? I understand that one of the things that have happened is increased engagement with veterans, particularly prior to discharge.

**Ms Frame:** You're asking about what might be driving the increase in those initial liability claims coming in?

**Senator GREEN:** Are there some things that you've actually gone and done in the community or in the veterans community that has actually increased that growth?

**Ms Frame:** I'll start and then I'll hand over to Mr Smith. As I said, certainly since My Service was launched—I think that was 2017, but my colleagues can correct me if I'm wrong—there has been very active promotion of it

there was a really significant increase in claims seen, which reflected a positive response obviously to efforts to encourage serving personnel and veterans to lodge their claims and to make it easier to do on this system. That was clearly effective and resulted in a significant increase in claims. I will pass to Mr Smith to see if there's any more information he can outline.

**Mr Smith:** To amplify the comments that the secretary has made: yes, from 2017 onwards the introduction of the veteran-centric reform has significantly assisted veterans in the speed at which they can lodge a claim through the My Service portal. You alluded to engagement. The early engagement model with Defence in ensuring that Defence personnel are aware of the My Service portal and their capacity to lodge claims is being supported by veteran support officers on bases around Australia. All of this has contributed to the capacity of veterans to engage with the department and has driven the number of claims up for the department.

**Senator GREEN:** Thank you for that, Mr Smith. We got quite a number of figures before. I'll just go back over the *Hansard* and check that I got the numbers I was after.

The only other thing I wanted to find out was around labour hire. That was brought up before. I remember reading the Senate inquiry about the impact of labour hire on staff morale, and the impact on the backlog and the claims processing. What is the plan in terms of using labour hire? Will that be a constant in the department until we reach that 500 recruitment target? Is there a plan to phase out using the labour hire? What is the model going forward, because I know, from reading a lot of evidence through that inquiry, that that was something that was really affecting the ability of staff to do their job.

**Ms Frame:** As I said earlier, we'll continue to use a range of methods to bring in as many people as we can. The objective at the moment remains to bring people in via different channels. The money allocated in last year's October budget, particularly, for ongoing staff has created a really significant capacity to increase permanent staffing numbers. That and earlier budget announcements about ongoing staff number increases has resulted in the client benefits division that Ms Cole heads, which does the claims processing task, reducing its current labour hire percentage to 13 per cent. It's 13 per cent now in that division, which is down from 41 per cent in June 2021.

**Senator GREEN:** Wow!

**CHAIR:** Minister, did you want to say something?

**Senator McAllister:** Have you finished your line of questioning, Senator?

**Senator GREEN:** I have another set.

**Senator McAllister:** I simply wanted to say, Senator Cadell, that you asked about a number of answers to QONs that have been provided. While the officials have been answering Senator Green's questions I've had a look at the answers to question 32 and question 34. Ms Frame took a number of matters on notice, and that response still stands, but in addition to that I think we can make the commitment that we'll have a look at the matters that you raised in each of those questions and see if we can't get you a more expansive answer than the one that was provided.

**Senator CADELL:** Thank you, Minister.

**Senator GREEN:** I just have one other section I wanted to cover off very quickly. Is that okay?

**CHAIR:** Yes, that's fine.

**Senator GREEN:** Thank you. I also wanted to ask about the—

**CHAIR:** Actually, could I just jump to Senator White? I think she has two very quick questions to clarify a line of questioning—

**Senator GREEN:** Yes, I'm happy to deal with this topic all together.

**CHAIR:** Yes. Let's just deal with the one topic. Senator White?

**Senator WHITE:** In the claims area that you've described, and with the people that you're bringing on, what's the gender breakdown of those who are being employed?

**Ms Frame:** I'll see if Ms Cole has any detail. We may have to come back to you with specific numbers.

**Senator WHITE:** My second question is: clearly the structure is the same across all of the departments, but the departments don't all get the same rate for the same level. There's a range, isn't there? Some are at the bottom; some are at the top. Do you know where your range for, say, the claims department lies within that spectrum of rates?

**Ms Cole:** My understanding is that DVA is relatively generous in that spectrum, but I believe the COO would probably be able to answer that in more detail.

**Senator WHITE:** I'd be interested to know where you sit and, in particular, where you sit in relation to the same levels at Defence, who, I understand, are at the top of the rung. I'm happy to take that on notice.

**Ms Frame:** We'll take it on notice so we can get you precise information.

**Senator WHITE:** I'd be interested to understand the gender breakdown of who you're recruiting and where they stand as against the same levels in Defence. That would be useful.

**CHAIR:** Thank you very much. Senator Green, do you want to finish off the remainder of your other questions?

**Senator GREEN:** Thank you, Chair. I just want to understand how the veterans' and families' hubs commitments are progressing.

**Ms Frame:** They are progressing well.

**Senator GREEN:** That's good.

**Ms Frame:** Ms Pope can provide you with more detail.

**Ms Pope:** Since the government was elected, and in this next phase, the minister has opened new hubs in Nowra and Wodonga. They were opened at the beginning of December, which now brings the number of fully functioning and open centres to five. Funding was announced for the lead agency in Burnie in Tasmania—the North West Tasmania Veteran Welfare Board in Burnie.

**Senator LAMBIE:** Yes, and we don't know why.

**Ms Pope:** Lives Lived Well was also announced as the recipient of funding for the South-East Queensland hub in Caboolture, and that happened on 17 January this year. We've completed the consultations for the eight new hubs that are upcoming. The first round took place between 14 November and 1 December last year, and we've now just started the second round of detailed consultations with prospective lead agencies, having done south-west Perth on 6 February and Queanbeyan today. The rest of those are scheduled to take place between now and 14 March.

**Senator GREEN:** Perhaps at the next estimates we'll have some more questions about the opening of those hubs and the consultation. This is my last question—on a little bit of indulgence. Apart from the hubs, there are veterans' organisations that are always seeking funds to help their community members. Our Far North Queensland Legacy wants to open up a Legacy House in Cairns. On notice, can you provide information on what other streams of grants are available for organisations outside of the hub program?

**Ms Pope:** Yes, we certainly can.

**Senator GREEN:** Thank you very much.

**Senator LAMBIE:** Could you also take on notice exactly what services you are providing in all these hubs, especially the one in Burnie? What comes with that money? I want to know what's attached to that. While you're at it, from the census, could you also give me the top 20 places around Australia where most of our veterans are?

**Ms Pope:** I believe that was provided on notice, but I'm happy to do so again.

**Senator LAMBIE:** That would be good. I want to see if they're coinciding with where you're putting these hubs.

**Senator GREEN:** Thanks, Chair.

**CHAIR:** Senator Shoebridge, you have the call.

**Senator SHOEBRIDGE:** Thanks, Chair. First of all, I acknowledge the work that's been done in the department over the last 12 months to address the backlog. While estimates often focuses on where it's going wrong, I acknowledge that there has been significant work, and that's the work of hundreds of people in the department. So, to the extent that they listen to estimates, I think all of us would like to acknowledge the large amount of essential work being done by members and by your staff. I just want that on the record to start with.

**Ms Frame:** Thank you. I'm sure staff will appreciate that.

**Senator SHOEBRIDGE:** That said, I want to go to some of the numbers and drill into some of the numbers I see that the dashboard has the backlog, as at 31 January, as 29,938 liability matters, 11,980 permanent impairment matters, 723 incapacity matters and a total of 42,641.

**Ms Frame:** That's correct.

**Senator SHOEBRIDGE:** I don't suppose you have an update on that?

**Ms Frame:** They're the most recent numbers. That's 31 January.

**Senator SHOEBRIDGE:** When I look more deeply into it, it says that there are still 28,905 veterans whose claims haven't yet been allocated. So that's right—there are still 28,000 veterans who've put claims in, but they haven't yet been allocated to a decision-maker? I assume some of them have multiple claims, which produces that cumulative backlog of 42,000—is that right?

**Ms Frame:** It's certainly true about the multiple claims. I might check with my colleague here, but it's important just to note as well with—I think the number you gave was 28,000 veterans?

**Senator SHOEBRIDGE:** I'm simply reading your website here. It says:

Where things are at

In the month of January 2023 we—

and then, at the fourth dot point down:

... have 28,905 veterans whose claims haven't yet been allocated to a decision-maker (this is known as our claims backlog)

**Ms Frame:** They're in the backlog—that's correct.

**Senator SHOEBRIDGE:** And the 42,000 of total claims, not veterans, I read off your backlog table.

**Ms Frame:** Yes. That's correct, about many of the claims in the backlog representing veterans with multiple claims. It is constituted by a large number of serving ADF personnel in that backlog number as well, so it doesn't represent singular people who have separated from the ADF. In fact, it's quite a high proportion that are currently serving personnel who are in that backlog number.

**Senator SHOEBRIDGE:** What is the oldest outstanding claim that hasn't been allocated?

**Ms Cole:** The longest outstanding claims that haven't been allocated—there's about six of them in October 2020. You may remember that, when we gave evidence about this last time, we were talking about February 2020, so we are making some progress on addressing those older claims.

There's a counting issue I just want to clarify around veterans and claims, if I may. When we count a claim, we will count that as one veteran. That one veteran may actually have three claims—say an IL claim, an incap claim and a PI claim, but we will count that veteran, in a sense, three times, because we don't have, at this stage, a straight headcount number for veterans, so it's important to understand that.

**Senator SHOEBRIDGE:** Well, could I suggest then that the website provides a very misleading conclusion, because it says at one point—and that's on the table, where there are 42,600 outstanding claims in the backlog—that total claims is the total count of individual claims; it's not a count of individual clients.

**Ms Cole:** Yes.

**Senator SHOEBRIDGE:** And it references what you've just said. If you scroll further down, under 'where things are at' it says, 'In the month of January 2023, we have 28,905 veterans whose claims haven't yet been allocated to a decision-maker.' You're making a very clear distinction. Are you telling me that, as to that 28,905 figure for the veterans, you can't stack that up?

**Ms Cole:** Yes. Essentially, what I am saying is that that 28,000 number is the number of veterans with claim types, in a sense, and you may have to count them three times. So it's—

**Senator SHOEBRIDGE:** It could be late, but—

**Ms Cole:** larger than the actual number of veterans, in a sense.

**Senator SHOEBRIDGE:** So it's smaller than the claims number—

**Ms Cole:** Yes, it's smaller than the claims number.

**Senator SHOEBRIDGE:** which is all the claims—

**Ms Cole:** Yes, that's correct.

**Senator SHOEBRIDGE:** but larger than the veterans number?

**Ms Cole:** No; sorry. The actual number, if you counted just individuals, who may have five or six claims in the system, is smaller than 28,000. What we don't have is individual veterans identified, like as a headcount.

**Senator SHOEBRIDGE:** I'm sorry. I don't want to spend ages doing this, but, on the face of it, it says a very different thing on your website to what you've just told me.

**Ms Cole:** Yes.

**Senator SHOEBRIDGE:** It seems to me that that 28,905 figure, which isn't total claims and isn't total veterans, is some mysterious other number that I don't understand at the moment.

**Ms Cole:** It's the limits of our system in terms of being able to count individual veterans at any point in time.

**Senator SHOEBRIDGE:** Well, what we do know is that it doesn't represent the total number of veterans whose claims haven't yet been allocated to a decision-maker. It doesn't do that.

**Ms Cole:** It's a larger number than that if you count it as headcount.

**Senator LAMBIE:** Many veterans are waiting for their claims to be put to bed. How many?

**Ms Cole:** I will take that on notice, Senator.

**Senator LAMBIE:** Oh, Jesus!

**Ms Cole:** The only number I can give you at the moment is—

**Senator LAMBIE:** This is why you're at a royal commission.

**Senator SHOEBRIDGE:** I've got to say it is extremely frustrating when we go to the website and it says one thing and then, when we ask about it here, we get something totally different. If it's frustrating for me and I'm only doing this in estimates and when it's raised with me, I can't imagine how frustrating it is for veterans to still be getting this.

**Ms Frame:** Senator, can I just say I agree with you that the numbers are confusing and could be clearer. I agree with you. As I said, I'm new in this job, but I agree with you, because I am working through those numbers myself in great detail and have instigated some work in the department to try and continue to improve the transparency and clarity of the numbers. The numbers are accurate as Ms Cole has relayed them. They are true numbers, but we need to be clearer and provide more numbers around them to designate what exactly each number represents.

**Senator SHOEBRIDGE:** Ms Frame, you say they're accurate, but, from this exchange that we've had here, what is said on the website and associated with those numbers is plainly not accurate.

**Ms Frame:** It's the descriptor there, Senator. You're saying—

**Senator SHOEBRIDGE:** Well, that's the whole point.

**Ms Frame:** It's the true and real number. It's the descriptor about what that number represents and what it constitutes that I said we will—

**Senator SHOEBRIDGE:** It's not the number of stars in the Milky Way either. The number divorced from the description is meaningless. It's the number and the description, and it is misleading. It's wrong, and that's a problem, isn't it?

**Ms Frame:** The number is the number of claims on hand.

**Senator SHOEBRIDGE:** No, it's not. The number of claims on hand, I'm told, is 42,600.

**Ms Frame:** It just doesn't correlate with the one-on-one rate to veterans.

**Senator SHOEBRIDGE:** Ms Frame, I think, by seeking to clarify, you're making more confusion.

**CHAIR:** Senator Shoebridge, we'll just—

**Ms Frame:** I will defer to Ms Cole, Senator.

**Ms Cole:** The issue is that we don't have a way at the moment of counting in the backlog every single claim that a veteran has. So, to be on the safe side, if there are two PI claims for a veteran, we will count that veteran once, but they may also have other claims in the system, and, to make sure that we're not underestimating the number of veterans in the system, we will count them each time we see those claims in that category by a veteran.

**Senator SHOEBRIDGE:** Yes. We just come back to this: where the website says there are 28,000 veterans whose claims haven't yet been allocated to a decision-maker, that's almost certainly wrong.

**Senator McAllister:** Senator Shoebridge, I think the officials have been reasonably upfront about the limitations of their system. To put this situation in context, we are working through a problem which was allowed to become worse and worse and worse under the previous government. This government has allocated substantial additional resources to the department to allow them to remedy these circumstances.

I will also observe—and I think you appreciate this—that the evidence from the official is that the material on the website probably overstates the number of veterans whose claims haven't been allocated to a decision-maker. I think they recognise that that is not an ideal situation, and the secretary has indicated to you that she is seeking to remedy that. But our principal objective at this point is to meet the needs of the veterans who are seeking support from the government and from the department. As you acknowledged generously, I think, in commencing your questioning, enormous progress has been made, and the people in this group and many behind them have worked incredibly hard to rectify a set of problems that were a long while in the making.

**Senator SHOEBRIDGE:** Minister, I'm not going to cavil with anything you've said. That's not an unfair summary of where I think we've got to in this exchange of questions and responses. I'm going to go to another number—I'm anxious to do this, but I will—the website says that as at January 2023 the department has 47,192 veterans with claims lodged. We can't rely on that number, I assume, for the same reasons?

**Ms Cole:** Yes.

**Senator SHOEBRIDGE:** Okay. And then it says, 'Further, the average number of days it takes to allocate a matter'—in this case an MRCA initial liability matter to a decision-maker—is 301 days'. Is that accurate?

**Ms Cole:** Yes.

**Senator SHOEBRIDGE:** Can you explain why it's still taking 301 days, the better part of a year, to allocate that initial liability? And just to speed things up, I note that it also takes 233 days to allocate an initial liability matter and then another six months to decide it. These are still very long time frames. Can you explain them?

**Ms Cole:** Yes. As you asked me about the oldest claims, we had a situation in the past where the proportion of claims that were processed, which were at the end of the queue, the oldest claims, was lower because the processing capacity that we had was smaller. Essentially, we had a higher proportion of priority claims being processed. As we have more resources and more processing capacity, we are doing more and more of those old cases which, as Mr Smith relayed earlier, has an effect on the average processing time, because those very oldest cases are dragging down the average.

**Senator SHOEBRIDGE:** If we come back in May, do you have a target for where you want that delay to be? Currently it's 301 days to allocate MRCA initial liability and another 109 days to make a decision; it's 233 days to allocate DRCA initial liability and another 183 days to make a decision. Do you have a set of targets that we can look at to see how you're tracking?

**Ms Cole:** Not in terms of those precise numbers, but our goal is to reduce the oldest claims in the backlog as fast as possible.

**CHAIR:** Thank you, Senator Shoebridge, I need to move the call around.

**Senator SHOEBRIDGE:** Sure.

**CHAIR:** Senator Cadell.

**Senator CADELL:** Thank you, Chair. On that point, Ms Frame, as you can see from committee here, this is a very human business. The numbers of jobs, numbers of claims, numbers of veterans—these are the people who have offered to sacrifice everything for our country, and we're stuck on numbers. We're stuck on 413 delegates, 307 head count, 262 ASL, 652 new total employees. They're one-word answers. It's 41 with 13 on per cent on delegates. We're talking 301 days to wait. The numbers don't matter when we get to the people. If we can clear that up—if we can clear the employment, if we can clear this waiting list—we will be able to ask more meaningful questions about what we are doing for the veterans and how we are getting there, and that's a concern for this committee. I ask you to take that on. Is there any qualitative data on satisfaction with the process that runs alongside the numbers?

**Ms Frame:** With the claims processes?

**Senator CADELL:** Yes, how they are handled.

**Ms Cole:** There is in our annual report, reported every year, a client satisfaction survey.

**Senator CADELL:** How is that going?

**Ms Cole:** I don't have the numbers in front of me at the moment, but there is a clear relationship, obviously, between lengths taken to process a claim and the level of satisfaction of the veteran consequently.

**Senator CADELL:** I might just go back. You mentioned the 41 to 13 per cent on labour hire. I note that just recently, I think even today, there's a 1.2 million consultancy contract for change management publicity this week. What is change management within DVA? What is that contract for?

**Ms Cole:** The Department of Veterans' Affairs.

**Senator CADELL:** Yes.

**Ms Frame:** I'll find out who might know some more about that one, Senator.

**Senator CADELL:** It's to Aquifer Pty Ltd, \$1.245 million. I can give you the CN, I can give you anything.

**CHAIR:** The secretary is asking for an official to come to the table.

**Ms Frame:** Ms Cameron has some information on that.

**Ms Cameron:** That's a contract that sits within my division. We have only come together as a division in the last two years, slightly less, and we are working through a process of bringing together some disparate areas but, very importantly, areas that need to work together to support the most vulnerable clients that we support. It's really important that we have supports that are helping. We and our staff work through what that looks like in terms of their processes, procedures, workflows et cetera. But the total you've mentioned is over several years.

**Senator CADELL:** How many is several?

**Ms Cameron:** I'll take that on notice, but I think it's three.

**Senator CADELL:** Thanks very much. Getting back to my favourite question, questions on notice, we asked in question SQ22-000119 whether the department undertakes any modelling to look at cost of-living pressures on families and veterans on these sorts of things, and the answer came back no. Has that changed since my question on notice? Are we looking at the effect of rising costs on veterans and their payments—TPI payments and that sort of thing? Has that changed?

**Ms Frame:** I'll see if we can get you more information on that. We certainly are working on a veteran and family strategy where there would be very active contemplation of pressure on veterans and their families, what is causing them stress, and what the department can do to respond to that.

**Senator LAMBIE:** You've had a veterans and family person we've been paying a lot for. She's been on now for 2½ years, and you haven't worked that out yet as a department? You cannot be serious. I've got her diary and all the running around Australia she's been doing, and you're doing exactly what she's doing now. Why hasn't she come up with those answers?

**Ms Frame:** That strategy is very close to completion, as I understand it. I'm going to find the person who will know more about the veteran family strategy.

**Ms Pope:** I was actually going to go to the question of indexation of pensions, because that does respond to the cost of living. The pensions across the board are indexed twice a year. That reflects changes in the cost of living. We have seen large increases in pensions recently in response to those increases in cost of living. On notice we can give you further information on that.

**Senator LAMBIE:** I don't think he asked about that. He asked about the TPIs.

**Senator CADELL:** I'll go to the specifics on TPI. I think every senator here spoke in favour of the increase that this government put through on TPIs, \$1,000, but I think the majority of senators here asked whether it's enough. With inflation and these things going forward, is it already gone? Are we looking at that? Are we looking at those effects? Is it enough for these people?

**Ms Pope:** I guess the answer I can give without notice is that indexation reflects the increases in the cost of living.

**Senator CADELL:** This is a one-off payment, not an indexed payment.

**Ms Pope:** That payment becomes part of the base that is then subsequently indexed in March and September each year.

**Senator CADELL:** Thank you. Going to labour hire: since 1 June the AusTender website lists five specific labour hire contracts awarded to Hays Specialist Recruitment, Hudson Global Resources, Zancott Recruitment, DFP Recruitment and Randstad. Do any of those labour hire contracts relate to the claims processing area?

**Ms Frame:** They do. Ms Cole can elaborate if there are any that you named that are not related.

**Ms Cole:** No, those are the ones we primarily use for claims processing staff.

**Senator CADELL:** Would you be willing to table the details of those contracts for the committee?

**Ms Frame:** We'll take that on notice

**CHAIR:** Just to get an indication from my end: between you and Senator Shoebridge how many questions have you got left?

**Senator SHOEBRIDGE:** 10 minutes.

**CHAIR:** And you?

**Senator CADELL:** I have about 10 minutes as well.

**CHAIR:** Senator Fawcett, do you have any questions?

**Senator FAWCETT:** Only a couple.

**CHAIR:** Can I hand over to you, and then we'll finish off with Senator Shoebridge and Senator Cadell.

**Senator FAWCETT:** Secretary, congratulations on your appointment to the role. I don't think I've engaged with you in estimates since then.

**Ms Frame:** Thank you, Senator.

**Senator FAWCETT:** I was pleased to see in your opening statement your commitment to innovation. The guide dogs have certainly been a great innovation. One of the other things that the DVA has recently done is recognise the value of sport from a rehabilitation, reintegration and vocational perspective. It has agreed to fund veterans who are on a rehabilitation program who want to do qualifications, for example, in sailing. I'm just wondering if the department has some figures on how many veterans have accessed that. I'm aware of several, but I'm interested to understand how many and whether we need to be advertising the availability of that support more broadly.

**Ms Frame:** Sailing as a recreational activity?

**Senator FAWCETT:** Doing a qualification, like an Australian Sailing or Royal Yachting Association qualification as a competent crew, day skipper, coastal skipper, offshore yacht master, instructor—avenues which get them in to helping other veterans engaged in the sport or even into a vocation working as an instructor or as professional crew on a boat.

**Ms Frame:** Of course. We might need to take that on notice to get you the exact numbers. We will bring you back the numbers.

**Senator FAWCETT:** I don't imagine it's large at the moment, but it's been very well received.

**Ms Frame:** That's great to hear.

**Senator FAWCETT:** Certainly the international evidence is that it's a really positive thing for veterans. Certainly in South Australia, I have seen one veteran who was struggling with isolation re-engage quite fulsomely in community, having become involved with a club and sailing. So I'm quite keen to see it advertised more broadly and taken up by veterans.

**Ms Frame:** Great. Thanks, Senator. We'll get you that information.

**Senator LAMBIE:** I was just reading your opening statement there, Secretary. I was a bit flabbergasted, actually. I'm quite sure that once it gets out into the veteran community, they'll want these questions asked. First of all—I'll put these on notice—could you please tell us what Ms Cosson's legacy was. Can you tell me what journeys she did make a positive change. Can you tell me what the so-called increased investment has done in a positive way. Can you tell me how she made improvements to the veteran support system. Can I have all that, please?

**Ms Frame:** You certainly can, Senator.

**Senator LAMBIE:** Can I also see which stakeholders you have already seen in your first three weeks—the key partners and other stakeholders you've had meetings with. May I please see what you intend to do to rush the psychiatric dogs or assistance dogs out to veterans, because this has been going on for years. Where are they coming from? What's the cost? Who's training them? What are your time frames? Since you have such a massive interest in it, can you please give me all that detail?

**Ms Frame:** Certainly we can provide that. What I was pointing out in my opening statement is that it's an example of an innovation and an improvement that the department has pioneered in the last few years for veterans, and that we want to build on that innovation and continue to look into other innovations that assist veterans and the like. The senator pointed out sailing, training, equine therapy—a whole range of things. We want to respond to veterans and what they say is beneficial for them, and we want to continue to work with them and deliver those services.

**Senator LAMBIE:** When did the equine therapy start? I can tell you they're screaming out there for equine therapy. What are you talking about?

**Ms Frame:** Just that we are piloting or funding some efforts in that regard. We have to test things and fund on a small scale and then scale up as we are able to.

**Senator LAMBIE:** We've tested these before. Go back through the DVA books, go back and talk to people who have been in the department. If you are testing this again, you are going back over old ground.

**Ms Frame:** We're not testing—

**Senator LAMBIE:** It is proven.

**Ms Frame:** I mentioned it because it's something we're investing in and continuing to provide.

**Senator LAMBIE:** Investing where? Can you give me all that information? I want to see where you're investing.

**Ms Frame:** Yes we can. Certainly. No problem.

**Senator LAMBIE:** I also want to speak about—right now you are in a crisis mode. I'm not talking about claims, because this is before you even get to claims. Right now we've got doctors out there who will not see us anymore. You are not paying enough. We've got specialists out there who will not see us any more. Who will take us on has been reduced. That is where we are at. You must know about this, because certainly it's one of the biggest things on today's agenda—that we cannot get specialists and GPs to see us any more. The first thing is because of the amount of paperwork. It's just absolutely ridiculous. They've had a gutful of it. It has been going on for years. The second thing is the prices. You will not pay the gap. So it's becoming a massive problem out there. It is bigger than Ben.

Out of the 3,000 psychiatrists in this country, only 300 will see us. That is it—10 per cent of the psychiatrists. That's all we've got to pick from because of the way the payment system is. That is your biggest crisis today. If you think that the suicide rate was bad with what was going on with the claim system, I tell you that this is a whole brand-new problem. It has been building. It is at the point of no return. I ask the department, because you know this has been going on: who has recently gone and spoke to the health minister, Mark Butler? Please tell me someone from the department has been having discussions with the health minister.

**Ms Frame:** The department would have discussions with Health officials. That's where we would have discussions.

**Senator LAMBIE:** No, it's beyond that. Who, besides me, has gone to the health minister and told him that this is in dire straits?

**Ms Frame:** I have had discussions—

**Senator LAMBIE:** Well, he doesn't know about it, Ms Frame.

**Ms Frame:** I'm just answering in terms of the interaction—

**Senator LAMBIE:** And I'm telling you don't tell me that people in the department have been doing it, because he knew nothing about that this morning.

**CHAIR:** Senator, it's something that the minister at the table here might be able to take on board and come back to us on.

**Senator McAllister:** There are a couple of things, Senator Lambie. I think it is right that, if Ms Frame in her role and all the officials around her were talking to people in government, it would be proper for them to talk to their counterparts in Health rather than to go directly to the minister.

**Senator LAMBIE:** I understand that, but the minister knows nothing about it.

**Senator McAllister:** One thing I might be able to do is actually talk with Minister Keogh and make sure that we are really certain that the information you are alluded to is getting to Minister Butler. I've certainly been given some briefings about it in preparation for today. I know that it is something that the department is thinking about, but it is something I'm willing to just personally take on and make sure that Minister Keogh and Minister Butler are aware of the issues you're raising and are communicating with one another.

**Senator LAMBIE:** With all due respect, I speak to the minister of the DVA every fortnight. I spoke to Ms Frame. That minister is very aware of this, yet the minister for health has no idea. We've got a massive problem here. I'm done.

**CHAIR:** Senator Shoebridge, do you want to continue on this subject?

**Senator SHOEBRIDGE:** I do. As you know, when veterans go with a white card the GP or the medical practitioner can't charge a gap.

**Ms Frame:** That's correct.

**Senator SHOEBRIDGE:** That is designed to protect veterans so that they're not out of pocket when they go and have services.

**Ms Frame:** And the rebate is 115 per cent of the Medicare rebate.

**Senator SHOEBRIDGE:** What veterans are telling my office—and obviously it's the experience of Senator Lambie and the veterans she speaks with as well—is that the Medicare rebate is now so low that, even with 115 per cent of the Medicare rebate for the white card, GPs are refusing to provide the service because it's not financially viable and specialists are refusing to provide the service because it's not financially viable. Are you hearing the same?

**Ms Frame:** We are aware of an increasing number of GP clinics that are providing that advice. I don't have exact numbers, but we are aware of it. We are concerned about it.

**Senator SHOEBRIDGE:** I'll come to numbers in a sec. Just today President-elect of the Australian Medical Association, Dr Kerrie Aust, is quoted as saying:

We are going to see more limitations of service.

She said that her veteran patients have told her that they found it increasingly difficult to access care from allied health professionals and she said:

I'm seeing more and more organisations declining to provide the services, not because they don't want to—we all really value it, our community—

and she's talking about Canberra—

in particular—but it's just not financially viable to continue to provide the service.

That is producing a crisis amongst veterans who can't get care. The white card is almost like a barrier to care rather than access to care. Is that what you're hearing?

**Ms Frame:** As I said, we're hearing about practices providing that advice. We are concerned and we are talking to our health colleagues, as I relayed to Senator Lambie.

**Senator SHOEBRIDGE:** The answer to this is twofold. One: reducing the inordinate amount of paperwork the medical profession have to do when they're providing the service—have you been doing that? Is there less paperwork for GPs?

**Ms Frame:** There is some work underway that I'm getting briefed on, on what they're doing. I am meeting to continue to look at what we can do to accelerate that. I'm saying to you: I'm new and it's a priority.

**Senator SHOEBRIDGE:** That's the first thing, but the second fundamental thing is: you've got to lift the rebates under the white card. A system that was designed to protect veterans—they can't pay a gap, for good reasons, and that should remain—is now meaning veterans can't get the service, and they're worse off than someone going with a Medicare card who can get the Medicare rebate and pay off the terrible gap. But at least they get the service. Veterans are literally having the door shut on them, and it's an increasing problem.

**Ms Frame:** It is an increasing problem. I would also point out that the department, through the 1800VETERAN number, will connect veterans to practices that are continuing to take a white card with no gap. So there is proactive support from the department to try and connect veterans to appropriate medical services.

**Senator LAMBIE:** Can you take on notice to provide us with that list, so I can see what states, so when they're ringing my office I can say, 'Apparently this doctor is still in the game'?

**Senator SHOEBRIDGE:** That would be an assistance you could do tomorrow. You could publish the list, and then veterans, instead of having to call GPs, clinics or specialists and getting rejected, can at least see who's going to answer the phone and who might be willing to provide the service. Can you publish the list?

**Ms Frame:** I might need to check—

**Senator LAMBIE:** Here we go!

**Ms Frame:** only because I might be unaware if there are any issues.

**Senator SHOEBRIDGE:** No, no, Ms Frame—

**CHAIR:** Order! Order! Senators! I know it's very late, but being disrespectful towards the official is not going to help. The secretary has said she is going to check with one of her officials whether she can take the answer on notice or get you a response.

**Ms Frame:** I'm not trying to be evasive. I am just trying to inform myself properly to give you an accurate answer.

**Senator SHOEBRIDGE:** I think you're doing the right thing. I can imagine there are multiple considerations to have in doing this. I'm more than happy for this to take a minute.

**Ms Frame:** Thank you.

**CHAIR:** Thank you, Secretary. We've got two more minutes left for you, Senator Shoebridge. I don't know if we have an answer to your question.

**Senator SHOEBRIDGE:** I think someone's come to try to provide assistance.

**Ms Hancock:** In 2021-22 there were 34,974 general practitioners to whom we paid a fee for a DVA card service. We can't publish a list of 34,000 GP names because we don't have their consent to do so, unfortunately.

**Senator LAMBIE:** How does that work?

**Senator SHOEBRIDGE:** We'll step through this very quickly. How does that compare to 2020-21? I remember we had COVID and that.

**Ms Hancock:** I don't have the 2020-21 number, but the total number of GPs, according to the Department of Health, in that year was just over 39,000.

**Senator LAMBIE:** But how many GPs have only seen one person? Do they have permanent—

**CHAIR:** Senator Lambie!

**Senator SHOEBRIDGE:** That seems to be a significant reduction just in those two financial years.

**Ms Hancock:** Apologies; that's in the same year. Of the 39,259 GPs in Australia, 34,974 provided a DVA service.

**Senator SHOEBRIDGE:** Alright. Do you have figures for the different specialities?

**Ms Hancock:** Not with me. I have figures in relation to psychiatrists over a five-year period between 2017-18 and 2021-22.

**Senator SHOEBRIDGE:** What might be really useful, Ms Hancock—rather than, at 10 to 11, running through the individual numbers—would be if you could, on notice, have a look at some of these figures and provide them to us in a meaningful way and analyse what it actually means in terms of the numbers of GPs and other specialists who are willing to provide the care and the trends there that we're hearing from veterans.

**Ms Hancock:** Yes.

**Senator SHOEBRIDGE:** I will note that an ABC article today said:

The DVA told the ABC it was aware some healthcare providers were "unwilling to accept DVA payment rates and will charge veterans a gap fee for a consultation, as they do for their other patients".

I assume that was a slight mistake, meaning they'll put them under Medicare with a gap fee. Was that the intent?

**Ms Frame:** I'm not aware of the comment. I would assume that.

**Senator SHOEBRIDGE:** I assume that was provided to the ABC.

**Ms Frame:** I will confirm.

**Senator SHOEBRIDGE:** There might be some clarification required there.

**Ms Frame:** Yes. Thank you.

**CHAIR:** Any further questions, Senator Shoebridge?

**Senator SHOEBRIDGE:** I think that's probably the end of it.

**CHAIR:** Senator Lambie, do you have—

**Senator LAMBIE:** May I just ask one follow-up question, please.

**CHAIR:** Please.

**Senator LAMBIE:** I want to go back into your DVA service, about how many GPs—390. What does that mean? Is that a one-off visit? How do you work that out? Is that a one-off visit from a veteran? Is that because they're taking on veterans? Is that because they've got one or two who have come through their door? There's a big area to play with here. What exactly does 'DVA service' mean in a GP thing? What are you calculating that on?

**Ms Hancock:** That number is a count of the number of providers who provided a DVA card service. They could have provided more than one, but they provided at least one.

**Senator SHOEBRIDGE:** Can I just address one matter that you raised, Ms Hancock. You say that you can't publish GPs' names because you don't have their consent. Of course, it would be quite a simple matter for you, when you're communicating with GPs, to seek their consent so that you could start populating that list.

**Senator LAMBIE:** I think the GPs would be more than happy to give their consent.

**Senator SHOEBRIDGE:** Could I ask you to take that suggestion on notice and respond to it on notice.

**Ms Hancock:** Yes.

**CHAIR:** Senator Lambie, you have the call, and then I'll hand over to Senator Cadell

**Senator LAMBIE:** No, Senator Cadell, you go.

**CHAIR:** Senator Cadell, you have the call for the next five minutes.

**Senator CADELL:** Thank you, Chair. I'll try to finish at least one minute early so we can say we finished early. The last question on notice was No. 40. The answer contains a graph: table 1. We're back to numbers, unfortunately. Have you got the table?

**Ms Frame:** Yes.

**Senator CADELL:** 'Unallocated claims (backlog)'.

**Ms Frame:** Yes.

**Senator CADELL:** After all the numbers, the transitions and everything that's going on, if I go to the website it tells me that the total number of claims in backlog as of 31 January 2023 is 42,641. Is that number consistent with the top line on table 1 of the response to the question on notice? Is that apples and apples? Is that the same calculation?

**Ms Frame:** Yes.

**Senator CADELL:** So with everything we've done since May 2022—all the changes, all the extra staff and everything we've done—we've increased the backlog by 500. Is that correct?

**Ms Frame:** That's correct. Ms Cole can provide more detail. It reflects to a significant extent, as I said, the increase in processing activity around initial liability, which leads to an immediate increase in PI claims. So the effect of increasing the processing of IL claims leads to the ballooning, effectively, in PI claims. That's where I spoke at the very beginning of the evening about the 37 per cent increase there since 1 July last year, in line with a vastly increased volume processed in IL.

**Senator CADELL:** Understood. Thanks for explaining that. That's good. When are we going to see that number coming down if we're expecting to get rid of this by the end of the year?

**Ms Cole:** Sorry, Senator. Can we just go back to those first numbers. You said 42,000 on the website.

**Senator CADELL:** Yes, 42,641.

**Ms Cole:** What was the comparator that you used?

**Senator CADELL:** May.

**Ms Cole:** May—okay.

**Senator CADELL:** There is an obvious political reason, but let's not get into it.

**Ms Cole:** We are progressing back, so in terms of IL, which is the key one, we're actually back towards July 2021 now in terms of the IL numbers. It is, as the secretary has indicated, really just the growth in PI. That means that we will see the backlog in IL go down, as indicated, by December—

**Senator CADELL:** But, going forward, when did that headline number—

**Ms Cole:** The headline number should be significantly decreased in December 2023, and it will be primarily PI claims which are left at that point.

**Senator CADELL:** On page 15 of the PBS it states that:

... DVA will work towards simplification and harmonisation of legislation for veterans' compensation, rehabilitation and other entitlements to be tabled in Parliament by early 2024.

Can you please update me on progress and key dates or a timeline. Is this process ongoing and will it be completed in that timetable, by early 2024?

**Ms Frame:** The process is ongoing. There was a first round of consultation on the government's commitment to that royal commission recommendation that occurred late last year. Further announcements from the government about the next round of consultation and the next steps in the process are expected imminently.

**Senator CADELL:** Will you provide a list of the third party people who were consulted as part of that consultation you mentioned?

**Ms Frame:** The one last year?

**Senator CADELL:** Yes.

**Ms Frame:** Certainly. It was a public submission process, as well, so it was open to anyone. There were also consultation sessions. We can provide that information.

**Senator CADELL:** Can we tell the veterans that you believe we're still you're on track to meet that 2024 timeline of harmonisation?

**Ms Frame:** Of harmonisation?

**Senator CADELL:** Of legislation.

**Senator McAllister:** I think the commitment to is to establish a pathway towards harmonisation and the government is very focused on establishing such a pathway, as the official has just described to you.

**Senator CADELL:** Because looking after our veterans gets such strong cross-party support, will the government consider draft legislation being provided for public comment ahead of this given it's such an important thing and has such strong support?

**Senator McAllister:** As has already been described, the government is working to implement that recommendation. We will make announcements about the approach that is intended at a time that the government will determine.

**CHAIR:** That concludes today's proceedings. The committee is due to recommence its examination of the supplementary estimates tomorrow, Thursday, 16 February 2023. The committee has set 3 March of this year as the date by which senators are to submit written questions on notice and 31 March of this year as the date for the return of answers to questions that have been taken on notice. I'd like to thank the Ministers Wong and McAllister, as well as officers from the Department of Defence and the Department of Veterans' Affairs, including all the agencies that have appeared before the committee today. Thank you, Hansard, Broadcasting and the secretariat.

**Committee adjourned at 22:58**