



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

FINANCE AND PUBLIC ADMINISTRATION
LEGISLATION COMMITTEE

Estimates

MONDAY, 19 OCTOBER 2020

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SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE

Monday, 19 October 2020

Members in attendance: Senators Ayres, Kim Carr, Davey, Gallagher, Hughes, Kitching [by video link], Lines, McAllister, O'Sullivan, Paterson, Patrick, Rennick, Rice [by video link], Scarr, Siewert, Dean Smith, Waters, Watt, Wong.

PARLIAMENT**In Attendance**

Senator Ryan, President of the Senate

Department of the Senate

Mr Richard Pye, Clerk of the Senate

Ms Jackie Morris, Deputy Clerk

Mr John Begley, Usher of the Black Rod

Ms Rachel Callinan, Clerk Assistant (Procedure)

Ms Toni Matulick, Clerk Assistant (Committees)

Mr Tim Bryant, Clerk Assistant (Table)

Ms Fiona O'Loughlin, Chief Financial Officer

Ms Angela Casey, Director Parliamentary Education Office

Parliamentary Budget Office

Ms Linda Ward, Acting Parliamentary Budget Officer

Mr Colin Brown, First Assistant Parliamentary Budget Officer

Mr John Clark, Acting First Assistant Parliamentary Budget Officer

Mr Gareth Tunks, Assistant Parliamentary Budget Officer

Mr Karen Williams, Assistant Parliamentary Budget Officer

Ms Kathryn Smith, Assistant Parliamentary Budget Officer

Ms Amanda Bruce, Acting Assistant Parliamentary Budget Officer

Department of Parliamentary Services**Secretary**

Mr Robert Stefanic, Secretary

Deputy Secretary

Ms Cate Saunders, Deputy Secretary

Ms Leanne Tunningley, Assistant Secretary, Security Branch

Parliamentary Library

Dr Dianne Heriot, Parliamentary Librarian

Mr Jonathan Curtis, Research Branch

Information Services Division

Mr Antony Stinziani, Chief Information Officer

Ms Christine White, Assistant Secretary, Digital Recording Services Branch

Mr Con Sfyris, Assistant Secretary, Digital Customer Services Branch

Mr Gary Aisbitt, Acting Assistant Secretary, Cyber Security Branch

Corporate Services Division

Ms Liz Luchetti, First Assistant Secretary, Corporate Services Division

Mr Rob Brigden, Assistant Secretary, Corporate Operations Branch

Finance and Property Services Division

Mr Matt O'Brien, First Assistant Secretary, Finance and Property Services Division

Mr Nicholas Creagh, Assistant Secretary, Finance Branch

Committee met at 09:00

CHAIR (Senator Paterson): Good morning, everyone. I declare open this meeting of the Senate Finance and Public Administration Legislation Committee. Today, the committee will begin its examination of the budget estimates for 2020-21, for the parliamentary departments, the Prime Minister and Cabinet portfolio, the Finance portfolio and the cross-portfolio Indigenous matters. The committee may also examine the annual reports of the departments and agencies appearing before it. Senators' departments and agencies have been provided with advice on the arrangements in place to ensure that budget estimates 2020-21 hearings are conducted in a safe environment. This guidance is also available from the secretariat. The committee appreciates the cooperation of all attendees in adhering to these arrangements.

The committee has before it a program listing agencies and outcomes relating to matters on which senators have given notice. The committee has fixed 4 December 2020 as the date for the return of answers to questions taken on notice. The committee's proceedings today will begin with the parliamentary departments, followed by agencies of the Prime Minister and Cabinet portfolio, as listed on today's program. Tomorrow, the committee will continue its examination of the Prime Minister and Cabinet portfolio. On Wednesday and Thursday, the committee will examine the department and the agencies of the Finance portfolio. Finally, the committee will examine the national Indigenous Australians agency, other Indigenous agencies and the Department of Health on Friday at the cross-portfolio Indigenous matters hearings.

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

The Senate by resolution in 1999 endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies that are seeking funds in the estimates are relevant questions for the purposes of estimates hearings.

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise.

I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised, which will be incorporated in *Hansard*:

The extract read as follows—

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 consistent with advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document. The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. An officer called to answer a question for the first time should state the full name and the capacity in which they appear. Officers are requested to keep their opening statements brief or seek to incorporate longer statements into *Hansard*.

Before I ask for opening statements, reflecting on the unusual circumstances in which these estimates hearings are being held, I note that there are a number of public health requirements imposed on us in terms of the operation of the committee this week, including the capacity of this room. We've been advised that no more than 30 people should be in this room at any one time. I'm very reluctant to restrict the participation in this process of particularly senators or the media, so what we might do in order to facilitate the proper participation of both senators and the media throughout this week is, as necessary, ask public servants to leave the room to keep us under that 30-person cap. Most of the time that won't be necessary, but occasionally that might be required. So I ask, particularly public servants, to work with the secretariat if they're asked to briefly go back into the overflow room next door.

I also ask senators and witnesses to help us as far as possible to stick to the program as agreed, because we will be having senators and witnesses joining us remotely via videoconference. That's going to be technically challenging at the best of times, but it will be even more challenging if we're completely off our scheduled program. So I ask for senators who always behave very well during such things and witnesses who always oblige to be even more obliging in this round of estimates.

Department of the Senate

[09:04]

CHAIR: Mr President, welcome. Would you like to make an opening statement?

The President: I'd like to make a brief statement, if I could. I'd like to commence by recognising the work of all the staff of the Department of the Senate under the leadership of the Clerk for their efforts in supporting me in particular but also all senators in ensuring the operation of the work of the Senate and its committees throughout this year. This has required flexibility; ingenuity; determination, in some cases; and cooperation across departments and agencies in an often rapidly evolving and unpredictable environment.

Just as the Senate itself has continued to meet, importantly, so have all of the Senate committees and the joint committees that are administered by the Senate. In a period where parliament has not been able to meet as scheduled, the role of these committees is more critical than ever, and, in my opinion, has once again demonstrated the unique and critical role

played by the Senate in our parliamentary system. None of this could happen without their dedication to that role and support to all senators in this work.

CHAIR: Mr Pye and officers of the department, do you wish to make an opening statement?

Mr Pye: I will make a very brief opening statement, if I could, following on from the President's comments. The budget estimates round of hearings every year is one of the largest logistical exercises for my staff; for the staff of the Department of Parliamentary Services; and for you and your staff, Chair, and the staff of other senators as well. It's made even more of a logistical exercise this time around because we are, at the same time as running the full two-week program, also essentially running four 14-hour-a-day simultaneous videoconferences. This means that, on top of our normal committee staff and secretariat staff, we have staff from across the entirety of the Senate department pitching in on hotlines to help coordinate witnesses, and I really appreciate their help in enabling that to happen.

CHAIR: Thank you in advance. I hope the fortnight goes very smoothly from that point of view.

Senator AYRES: I also add my thanks for what's been a challenging 2020. I think, Mr President, in March of this year, in additional estimates—which seems like a very, very long time ago—

The President: It does.

Senator AYRES: in relation to the MOU with the AFP, you indicated that it was your aspiration to have the renegotiation completed this year. Could you give the committee an update on the progress of those negotiations?

The President: Yes. What happened after that was that there was an informal working group formed comprised of a handful of senators and members. It doesn't have any official status, but it was a sounding board for the Speaker and me. We prepared a paper in conjunction with the Deputy Clerk, Jackie Morris, and that has been communicated to the relevant agencies. I might ask the Deputy Clerk to answer some questions, because I think it'd be fairer. I did inform a couple of senators I was working with on this last week, but I haven't finished all my phone calls about where we have got up to.

Ms Morris: As the President said, that paper went to officials in the Attorney-General's Department, Home Affairs and the AFP on 23 September. The latest advice I had from them, last week, was that they're working on preparing a response to the principles that have been put to them as a basis for proceeding with negotiations.

The President: I wouldn't want to describe it as a log of claims in an industrial sense, but it does represent the aspirations, I think, of people that have been expressed through various Senate committee reports over a couple of years as these issues have come forward.

Senator AYRES: Have you got any views about the timetable for them coming back to you?

The President: No, we don't have a specific timetable yet.

Senator AYRES: Having it done this year?

The President: I have always said that, given the events of this year—which were challenging not only for departments but also for us in finding the capacity to finalise our

position—it's always been an aspiration. I have absolutely no doubt it will be resolved before any prospect of a federal poll. I think this year, I've always thought, is a touch aspirational, given the events since February and March. We're working as hard as we can towards it, but we are also, to a certain extent, dependent upon feedback. I don't have any criticism of the speed at which we've had feedback thus far at all, to be fair, of the agencies. There is an appreciation of the gravity of the situation, in my view.

Senator AYRES: That 23 September was the first time they'd got a proposition from—

The President: It was the first time we'd given them a substantial paper, I suppose.

Senator AYRES: There's been some engagement but—

The President: There have been discussions, but that's where we put in—we decided to, shall we say, try and define the scope of what we thought the renegotiations should include. Some of that involved deliberation of not making it too wide and not trying to solve every problem. As I've highlighted here before, issues about privilege also involve state agencies not just Commonwealth agencies. They also involve more than just the Australian Federal Police. We tried to make sure it was both achievable this year—and, I think, it could be, if we got a quick response and we could respond quickly—but would not be delayed by making it so wide that we tried to make the perfect the enemy of a good resolution.

Senator AYRES: I've got some questions about the budget allocation. The Department of the Senate received a total appropriation of \$25.8 million, to the increase of \$2.3 million in 2019-20. Was that increase expected?

Mr Pye: Yes, it was. The President took to the appropriations and staffing committee, earlier this year, a proposal for additional funding, for standalone secretariat support, for select committees in the order of \$2.24 million, I think it was, and the government agreed to provide that. It was a one-off supplementation for this year. It's in recognition of the fact that the Senate department is supporting 13 separate select committees or has so far this parliament. There are 11 concurrent ones, at the moment. That's more than twice the number of select committees that we averaged in the previous parliament.

It's possible to support select committees using our existing secretariat staff when there are only a handful of them up and running, particularly if they're brief and not too extensive in their scope. As I think you know, there have been some very controversial topics referred to select committees for lengthy inquiries. That being the case, it's impossible to support those committees, using our existing secretariat staff, without undermining the work of the regular committee system.

The President: To put it in context, I make no judgement on the size of the number of committees—that's a matter for the Senate—but when I started here, in my first term, between 2008 and 2011, there was an informal understanding, at that point, that there were to be no more than three select committees. That was an informal understanding, and one would be resolved before another one would be established. So the scale of the work that the Department of the Senate's being asked to do has grown substantially.

Ms Ayres: That \$2.3 million increase is set out, I think, in the portfolio budget statement on page 3. Is 100 per cent of that being deployed to the additional committee load?

Mr Pye: Committee support, yes.

Senator AYRES: Is that entirely for the Senate or does some of that go to shared committees?

Mr Pye: It's for committees that are supported by the Senate. We support two joint select committees and five other joint committees, on top of the legislation and references committees et cetera that we support for the Senate.

Senator AYRES: Will it be apportioned between committees, allocated to specific committees?

Mr Pye: It's likely to be allocated to specific committees. What I think we'll do, as I've suggested, is set up a couple of secretariats that just look after a couple of select committees each. At the moment, we have a secretariat that might be looking after a pair of legislation and references committees and we'll also take on the work of one or two select committees, from time to time. We have been working towards this for a little while. We'll have a look at which of the committees are the most demanding in their requirements and allocate the resources there.

Senator AYRES: So there's a general allocation but there's no formal distribution of that: 100 per cent of it goes to the traditional committee load—

Mr Pye: Yes.

Senator AYRES: But there's no formal allocation between the committees at this stage. I'm thinking about a secretariat to deal with select committees.

Mr Pye: Yes, that's right. We had a new select committee set up in the last sitting week and we had the Select Committee on the Aboriginal Flag wrap up last week. Part of the problem is that it's not the normal committee system and so it's very difficult to predict where the work and workload is going to be.

Senator AYRES: Some of that's—

Mr Pye: We're trying to be a little bit flexible with that.

Senator AYRES: There won't be much travel in that—mostly staffing?

Mr Pye: There's not very much committee travel at the moment, as you would expect. The expectation is that that would be to employ secretariat staff.

Senator AYRES: There's no IT support or information management for the committees in that allocation?

Mr Pye: Not from that allocation, no. Obviously, support for broadcasting and Hansard comes from the DPS budget.

Senator AYRES: On the Senate and COVID-19: Mr President or the Clerk, can you explain the collaboration between the Department of the Senate and DPS which has enabled the videoconferencing facilities to be used for committee proceedings?

The President: We can do it in two ends: we can do it in DPS or I was going to let the Clerk and the Usher explain how they've done it at a more detailed level. Essentially, they've been reporting to me for oversight by the Speaker and I of DPS.

Mr Pye: I'll start, if that's okay? Back in March and April some work was done to undertake some proof-of-concept work to see whether the videoconferencing technology that we're using today—well, we're not quite using it today but, potentially, it will be switched on

in a little while—could be adapted to use in the chambers. Some proof-of-concept work was actually done in the week or so after the standalone sitting day on 23 March. Then, of course, the Senate and the House both came for a physical meeting in April and sittings were scheduled again from May and June. So that proof-of-concept work was tucked away until the actual demand for the use of it in the chambers was realised, which was at the time that the sittings of the 24th and following week of August were put aside.

We also did some work to look at what procedural changes would be necessary in order to facilitate remote participation. There was a Procedure Committee report that followed a couple of virtual meetings of that committee to recommend some rules that could be adopted from time to time by the Senate as it thought appropriate. We did some testing, obviously, of those systems, both of that original proof-of-concept phase and, again, through late July and August in order to be ready for the sittings, I think, of 24 August—sorry, I misspoke before—where we started using them.

Obviously, DPS provides the infrastructure and it takes senators through the process for signing on and that sort of thing. We provide support in the Senate department for senators using this by having a hotline, by providing procedural support to senators and by helping to coordinate things like speaking lists and those sorts of things. That's so people are broadly aware of when senators are likely to want to use the system. It's an easier go in the House of House of Representatives—you have to put up your hand a long time before you get on the speakers list—but in the Senate, as you know, it's much more of a movable feast. There are a few senators here—Senator Waters—who used the system in the first fortnight. You could probably have a chat during morning tea as to how successful it was from that end.

Senator AYRES: So all this work has gone on. Are there additional costs for the Department of the Senate, or are all costs borne by DPS?

Mr Pye: All the costs are borne by DPS for the purchase of the additional systems; the additional licences; and the expansion, which they have undertaken recently, of the number of people who can be remotored in. As I understand it, we now have capacity for up to 200 people to remote into any one meeting, which could be useful this week, whereas it was 25 earlier on in the use of the system. All of those costs—the IT costs, broadcasting costs—are borne by DPS. One of the big costs for the DPS is going to be staffing, the use of video conferencing for the long hours this fortnight, for the long hours the Senate sits when the Senate needs to use it. But in terms of costs for the Department of the Senate, there are probably some minor staffing costs for additional overtime for staff supporting the hotlines and that sort of thing; otherwise, physical infrastructure and other support costs are all with DPS.

Senator AYRES: You said in the annual report that, notwithstanding the length of the COVID-19 restrictions, remote participation is likely to be more of a feature of Senate committees in the future?

Mr Pye: That's my expectation.

Senator AYRES: What evaluation and planning are being done to provide for this? Has there been a process of—for want of a better description—trying to work out what is working and what's not? And how's that process going?

The President: Do you mean technically or do you mean, what I would call, a more theoretical role of how the committees function?

Senator AYRES: To be fair, the first question is more technically. And secondly, what has the evaluation at your end been, Mr President, of the remote operations?

The President: With the technical stuff, we can deal with costs and all those sorts of things with Parliamentary Services, and I've got some information there. Personally, I would say that the place for that to be done is effectively the Senate Standing Committee on Procedure because it's not really necessarily a matter for department staff to say, 'How do you think it's working?' In the end, it's a matter for the Senate to determine remote participation. We do that at the start now of every sitting fortnight. It hasn't been put in place on a permanent basis. Can I say, my experience is the Department of Finance is going to save a lot of money. There will be a lot of people, particularly from Perth and North Queensland, who are not going get on planes as often for committee hearings. It will dramatically change committee hearings more rapidly than it will the Senate itself. Whether or not it does become a more permanent feature of the Senate sitting as a chamber, as opposed to the committees, where it's widely accepted and eminently sensible, is really a matter for the Senate. The procedure committee is looking at it after every fortnight because we need to make a recommendation for the Senate to renew the remote sitting arrangements we currently have in place. If we do were to do that, we would do that at the commencement of the next sitting week, on 9 November.

Mr Pye: In the other place that this is being reviewed, there's a committee called the chairs' committee, which is chaired by the Chair of Committees—you may have been to a meeting of it in recent weeks—which was specifically thinking about how this sitting fortnight would run. Talking about the participation of senators and witnesses remotely, I think that is a good forum for feedback from senators to us. We also have a meeting of committee secretaries looked after by the Clerk Assistant Committees pretty frequently at the moment, including some virtual meetings, which is a new thing for us. They are talking about the logistical challenges that do come into play when we're trying to manage more and more hearings with not just witnesses remotely, which is something we're quite used to, but senators and witnesses remotely at the same time. There are lots of conversations going on about what the experience of our staff has been in those situations. We've had frequent meetings between our senior committee staff and DPS, ICT and broadcasting staff about logistical arrangements, what is working and what isn't. We'll continue to review that through those forums.

Senator AYRES: Thanks, Clerk. I don't have any further questions.

Senator WATERS: Hi, folks. Thank you very much for all of the work that you do to keep the Senate ticking over and, in particular, the work you've done this year to keep us all safe and to ensure our democracy has continued, albeit in a slightly more virtual way than we're used to—so, first of all, thanks for all your work. I do have some questions about the resourcing for committees. Senator Ayres has covered off on the purpose for that additional funding, namely that it's going to be for standalone select committee secretariat support. Can I just clarify: is there any new resourcing for what I view as the current under-resourcing of committees?

Mr Pye: Not specifically. But the fact we can move some of the support for select committees to standalone secretariats is intended to ensure that we have more secretariat staff from the normal legislation and references committees available to support those committees.

As you know, the demand for the work of these committees is not in my hands or the hands of my officers but the hands of you and your colleagues around the chamber. My predecessors always used to land on the idea that senators' time, of course, is a finite resource, and that there comes a natural point at which senators decide to stop referring things to committees because they don't have the time to give the inquiries that are put forward the attention that they require. But we do our best to make sure we can support everything that the Senate decides to put forward.

Senator WATERS: Okay. Thank you. Do you have any figures to hand on the costs of particular inquiries? I'm interested, in particular, in the select family law inquiry.

Mr Pye: I don't have up-to-date figures on that. I think you might have placed a question on notice about that a little while back, and we did provide an answer then. I'd be happy to update that, on notice.

Senator WATERS: Thank you very much. I'm interested in the cost to date of the joint committee family law select inquiry; the water quality inquiry into the Great Barrier Reef, under the Rural and Regional Affairs and Transport References Committee; and a Finance and Public Administration Committee inquiry into family violence that didn't actually hold any hearings.

CHAIR: Sorry, just a correction: it wasn't a finance and public admin inquiry. I think it was another committee.

Senator WATERS: It was Rex's reference. I can't remember which committee it was.

Mr Pye: It was the Legal and Constitutional Affairs Committee, I think.

Senator WATERS: Well, in any case, that's the one I'm referring to. Can I get an estimate, if you're the appropriate person to take that on, of the cost of—

Mr Pye: I would be happy to have a look at what we can provide. In lots of ways it's easier to provide a figure for a standalone committee than for a single inquiry—within the work of a different committee, though—because, as you know, very often you're dealing with multiple matters in a set of hearings for which there may be one travel cost and that sort of thing. But we can certainly see what we can put forward.

Senator WATERS: Yes, I understand. I am happy with an estimated apportionment to the best of your ability, thank you.

Mr Pye: We'll see what we can do.

Senator WATERS: Since the amendment to the standing orders to reduce the number of formal motions that can be moved each day, has the department observed any reduced cost or increased procedural workload? Have you noticed any impacts flowing from that decision as yet?

Mr Pye: Not as yet. I think there are, anecdotally, fewer notices given each day. To the extent there might be some slight additional costs in managing the procedural aspects of that order, we don't have to receive and format and publish so many notices each day. It's very difficult to use this year as a particularly good test of these things. As you know, we've had a very stop-start, very odd year. We would come back after a break and everybody would have wanted to put down their markers on a couple of different issues. We had days where we had 35 to 40 notices given. That's quite unusual. It's not something that we would expect as

normal or run of the mill. Let's get back to run of the mill; that would be nice. But an ordinary sitting period wouldn't usually see that level of activity, so it's difficult to really say with any certainty what the effect might have been. But we can keep an eye on that for you, if you'd like.

Senator WATERS: Thank you. Have you been tracking the amount of time that that part of the program has taken under these new rules versus the amount of time it used to take, noting what you've just said about the peaks and troughs that have occurred?

Mr Pye: We are keeping some statistics on that, which we would normally publish in our statistical summary at the end of the year, and we can provide something to you on that, if you'd like, Senator.

Senator WATERS: Thank you. Yes, I'd like that.

The President: I can add, just from looking at the diary and the time I have to reserve for chairing divisions, that it was growing rapidly. We were hitting, to be honest, a regular hour and, on occasions, breaking 90 minutes. Part of that, as the Clerk said, was pent up because it wasn't sitting, but there were clearly a lot more motions being put without debate. So, without making a judgement on it, I can tell you that, in terms of sitting in the chair and running it and the time I had to set aside to do it, there is less time. I don't have to block out two hours as often as I used to.

Senator WATERS: Are you comparing that with previous years or just the backlog during the reduced sittings?

The President: To be honest, it's both. I've done this job now for three years, and I used to be the deputy manager and had to do it for the government prior to that. I think it's a combination of both. There have obviously been some pent-up matters. When we haven't been here for a while, there are more matters that people have submitted over time.

Senator WATERS: A backlog.

The President: That was particularly magnified because we had a couple of one-day sittings, I think, which meant notices were being lodged and needed to be dealt with when the parliament next sat. Again I'm not making a judgement, but it's a pretty simple observation that there were an increasing number of motions being put without debate—I assume for the purpose of having the Senate address an issue without debating it because that was the wish of people who felt they didn't have as much time to put debate time before the Senate. So I think one could say fairly that it was both. There were irregular sittings but also an intention to see more matters addressed by the Senate through that part of the business.

Senator WATERS: On that point, was there consideration given to reducing the bells from four minutes to one minute in that part of the program as a far more effective timesaving measure, in my view, that didn't limit the ability of senators to put issues to the vote?

The President: I can do a one-minute bell, and you'll notice that I have occasionally insisted upon it. But, in normal business in pre-COVID times, when the clock went past various times for which the whips had pairs in operation—which is a courtesy the chamber offers—if one of the whips said that it was 4.35 and their pairing sheet had changed on the half hour and if they asked for a four-minute bell to allow senior people to come back from a committee meeting, a cabinet meeting, a shadow cabinet meeting or whatever it might be, I did view that as a reasonable request. We then went to a series of one-minute bells. That has

not been possible during the COVID period because of the sheer amount of pairing. What has made it more complex—and I don't want to speak on behalf of the whips—is that, as I understand it, there has been a courtesy extended to the crossbench by both major parties with the whips because everyone's had people who were absent and that has made the pairing tally sheets much more complex and simply not able to be done within one minute. That's why we're having lots of four-minute bells now.

I might finally say that I also try, when ordering the business, to order it in such a way that divisions are held towards the end to manage the time as much as possible. But with COVID and the 15 or more pairs that have been in place and the courtesies extended to the crossbench by the major parties, the one-minute bell has simply not been a prospect at the moment. And I'm looking at one of whips who is present and who is indicating that I'm not wrong, at least.

Senator WATERS: Is it under active consideration for post-COVID times, if there ever is such a thing, for those bell arrangements to be addressed, rather than the restrictions on the number of formal motions?

The President: The chair can insist. I can insist upon it and, quite frankly, I think both whips will say I was pretty firm on doing that when we were having 90 minutes of debate. But, if we go past one of the times where a whip asks for a four-minute bell to allow new pairing arrangements to be put in place from four o'clock, 4.30 or five o'clock, I don't think that's an unreasonable request if we've got the bells constantly going for an hour. That's the way it did work up until COVID. I did actually insist, and *Hansard* will reflect that I regularly announced that senators should remain in the chambers for imminent divisions.

Senator WATERS: I have one final question, and perhaps this is for DPS. Is there any planning to keep the remote parliament facilities in operation for next year?

The President: The facilities are there. We can ask DPS about their licence arrangements; I don't imagine them going anywhere. As the Clerk said, the determination of access to it is really a matter for the procedure committee, of which I'm a member but not the chair. The Deputy President is the chair.

Senator WATERS: Is that under consideration to continue post COVID?

The President: My personal position is that the arrangements we have in place for the chamber—the committee arrangements, I'm strongly in favour of—are appropriate. My personal views shall remain in place. I am, however, for numerous reasons—which we probably don't have time to go into today—not in favour of our parliament becoming one that people can remote into at will and have the same rights and privileges by not turning up as they would by turning up. There are good reasons why some people should be able to participate remotely, and I think we should facilitate that; I think it's made the place stronger during this period. But—as with some of the things we see on social media, to be honest—when you don't see people in person and you don't actually interact people them and spend time with them, I think that's one of the reasons that some elements of social media get a little more toxic than they need to be. Part of a parliament, historically, is assembly, and I think that part should not be dismissed lightly. That's my personal view, but I cannot speak on behalf of the rest of the committee, or the government.

Senator WATERS: Just finally: in the usage of the facilities, initially it was quite patchy. Links dropped out and there was pixelation. How—

The President: Can we go into that with DPS? I've got some updates on that, but, unless the Clerk has something to say, I think the technical side of it is—

Senator WATERS: It's DPS, is it?

The President: It's DPS, but I have got some material on how many times it dropped out.

Mr Pye: If I can jump in, I understand that the signals were essentially going over the public internet in the first few sitting weeks and that there's now an optic fibre—I think from the vendor through to the parliament—which I think is in place this week. So we'll see how it goes.

Senator WATERS: Does that mean the internet—

Mr Pye: Fibre to the chamber.

Senator WATERS: Does that mean that the internet in the chamber will actually work? That's yet another bugbear.

Mr Pye: That is a different matter but, again, it's for DPS.

The President: Yes, that's a wi-fi matter. I've got updates on that—trust me. I can't use it in my office, so I live it. Yes, there's a constant process of upgrading that we can go into with DPS, but in my view the system has been remarkably stable and, because we ask people to use it at their offices, that actually was a great deal. When you've had committee problems, it's usually been someone doing it from an iPad or on a 3G or 4G connection, or a witness coming in. There have not been many problems from offices. Where there have been, I have reported to the staffing, security and appropriations committee of the Senate about some of those matters.

Senator WATERS: Okay. I'll take that up with DPS. Thank you, both.

CHAIR: Thank you, Senator Waters. I'll go to Senator Scarr and then to Senator Patrick.

Senator SCARR: Thank you, Chair. Just to follow up on the comments of Senator Ayres and Senator Waters, I too congratulate the department on the wonderful job you all do, especially during this difficult year. It's just been outstanding, and I think you're an outstanding team—that's from my perspective.

First, I'd just like to follow up on a question that Senator Waters put on notice in relation to cost of Senate select committees. If I could add to the list, please, the cost of a Senate select committee that was established and chaired by the then Senator Di Natale in relation to jobs in the regions, which reported in December last year. If I could add that to your list, Mr Pye, to—

Mr Pye: We'll take that on notice, Senator Scarr.

Senator SCARR: Thanks very much. My second area of questions is in relation to—I've been comparing the Senate to the House of Representatives—

The President: That's a dangerous thing to do, Senator!

Senator SCARR: in terms of the budget papers. This is obviously a very dangerous thing to do! But I note that, on page 41 of Budget Paper No. 4, there's a column which refers to 'external revenue' that the Department of the Senate receives. I was just interested to know: what are the sources of external revenue, apart from senators losing their lapel pins and having to buy another one?

Mr Pye: You could always buy a copy of *Odgers' Australian Senate Practice*, if you want, Senator.

Mr Begley: Thank you, Senator. A lot of external revenue is in relation to conferences and lectures that we hold—those sorts of small events. They have obviously dropped off quite a bit in COVID times. Some of the other revenue in there is an accounting adjustment for resources received free of charge. We do have to recognise the revenue and also the matching expense for that as it offsets completely and doesn't actually flow in or out. For things such as the rent we get provided for free by DPS on the building we have to recognise what that value would be. And also our audit costs from the ANAO and the like as well.

Senator SCARR: The only other difference that stood out to me in the budget papers was that the Department of the House of Representatives has an allocation under 'administered operating', whereas the Department of the Senate doesn't have anything categorised to that extent or in that nature. I was just interested in the difference, perhaps if you know—

Mr Begley: I'm not aware what the administered funding is that the Department of the House of Reps have, but we don't have any administered funding, which is for programs administered on behalf of the government using a separate bucket of money that you can't use for purposes other than that purpose. We don't have any of that source of funding.

Senator SCARR: Thank you.

Senator PATRICK: I just want to follow up on some questions I asked back on 26 February 2018. I'm sure you'll all be able to cast your mind back to that. It's a really simple one. At that point in time I mentioned to Mr Stefanic the fact that New Zealand broadcasts its parliament on television, on a television channel, as opposed to on the web, which is what we've done here. It was just a light discussion. I just wonder whether the Senate and/or in your capacity talking with the Speaker has made any further consideration of that?

The President: New Zealand has the benefit of only having one chamber. We wouldn't have to have an argument—

CHAIR: And no public broadcaster.

The President: No, there's been no discussion. In the course of this year—I have to admit I don't remember that, although I'm not saying it didn't happen. I was sitting down last night thinking, 'What have I forgotten over the last few months?' That's obviously one of them. No, there hasn't been any consideration of that.

Senator PATRICK: Any intention at all to consider that, or even to look at the option of how we might extend the reach of the parliament in terms of reaching into people's houses with democracy?

The President: Well, just thinking out loud, you'd need spectrum and broadcasting access, neither of which would be inexpensive. Spectrum goes for a fair bit these days when the government conducts auctions. Realistically, when you look at the numbers about broadcast television and the numbers of streaming and the future of what I might call narrowcasting and broadcasting, I would suggest that you'd have to think very carefully about putting serious money into using classic broadcast spectrum rather than making sure that more and more people could access the stream that you put up. I mean, that would be my instinct because I don't know a broadcast TV network that's rolling in viewers rushing in the door at the moment. They seem to be managing the opposite.

Senator PATRICK: With your significant influence over the Minister for Communications, Cyber Safety and the Arts, I thought you might be able to get a good price for the Senate and the House.

The President: It's not being considered. I honestly doubt it will be considered. A lot of effort gets put into to make the online facilities are accessible. I know, for example, there were a couple of issues last week we could discuss about a certain petition that had some public prominence. But I don't, in all honesty, imagine there being a P-SPAN or C-SPAN or S-SPAN in the foreseeable future.

Senator PATRICK: Do we keep track of hits or the amount of streaming that's occurring from the Senate to the outside world?

The President: We can ask DPS.

Senator PATRICK: I might do that.

The President: If we can, they'll have it. I'm sure they'll have something.

Senator PATRICK: The only other line of questioning I had, Mr President, relates to—actually, I raised this in the chamber back on 31 August. You might recall we were debating an FOI bill and I stood in the chamber talking about documents that the Senate had been unable to obtain via orders for the production of documents yet I had managed to obtain under FOI. Has there been any discussion about that? Do you have any views on that? Privately some senators have raised with me the fact that the Senate seems unable to get documents that a citizen can get under FOI laws.

The President: If you search the *Hansard* you'll find me making a similar point, I think, from the Chair next to Senator Ayres many years ago. My personal views haven't changed on that. The Clerk has a great formulation around the balance of power in the Senate. There can be orders for the production of documents, but it's not something that is resolved in a legal sense. I think it's resolved in a political sense in the Senate. I personally find the inconsistency between being able to get a document by FOI and one from a return to order quite problematic. I said so in opposition. I should say the same thing when I'm on the other side of the chair, and I still hold that view. But there's been no discussion—as far as I'm aware; at least with me—about a resolution to it. I mean, the Senate resolves on returns to order all the time. I'll let the Clerk explain.

Mr Pye: The government guidelines for official witnesses appearing before Senate committees—which is, as I say, a government document; it was last updated in I think 2015—specifically says that the requirement for accountability to the parliament may be greater than the requirement for accountability under the FOI Act. So things should go the other way. Things should be more accessible through orders for the production of documents to the parliament or in responses to questions here at estimates and in other committees than through the FOI process. All other things being equal, that should be the way that these things operate. But, in relation to the particular matter that you were discussing at the end of August, my broad recollection is that the minister said: 'The reason it became accessible through the FOI process is through the effluxion of time. It was no longer so sensitive that it needed to be kept away.' I think that having a more effective process for making sure that public interest immunity claims are still being maintained by government—and, when they no longer have to be maintained, for governments to be putting the material forward to the Senate and its

committees in relation to Senate orders and committee requirements—would be a useful thing to do.

Senator PATRICK: An example of one of the four or five that I laid out was cabinet in confidence, which after 30 years I would accept as a reasonable response. But a claim of cabinet in confidence under FOI was found to be an erroneous attempt at a claim. I just wonder whether, for people looking at the Senate—and they do watch; they do see what it is we're doing—it undermines public confidence in the Senate as an oversight body. This is, in some sense, not directed at you. It's the fault of senators not enforcing or pushing back. Do you hold a concern that the public may well be looking at our role in oversight and thinking we're a bit of a wet lettuce leaf?

Mr Pye: I don't know if I hold a concern in that sense, more than just thinking that the Senate has some pretty strong powers for requiring information and it may be that sometimes they're used in a bit of a scattergun way. One of the problems is that, if you have more and more and more orders for documents, there are only a handful of them that you would expect the Senate to really get behind and really seek to enforce where noncompliance comes along. We've got to recognise that there's lots of compliance as well, but, if what's happening is that a government—any government—finds out that they can avoid scrutiny with impunity on a handful of things, it makes it easier to avoid scrutiny on the next issue and the next issue. So I think senators need to be judicious about when they decide that the Senate's powers really do need to be brought to bear on some of these issues. But, as you say, it's a matter for senators and a majority in the Senate to decide whether and when to enforce these things.

Senator PATRICK: Thank you, Clerk.

CHAIR: Senator Smith and Senator O'Sullivan?

Senator DEAN SMITH: Clerk, on the comments you made to Senator Patrick in regard to the public interest immunity claim—if I heard your response correctly, there might be two perspectives. One is that a claim is made at a point in time, and the other is that a claim is made as a continuous claim. Could you just expand on those two different perspectives?

Mr Pye: As I recall the circumstances Senator Patrick was referring to, documents were sought through an order for the production of documents a year or 18 months ago, and then they were received through an FOI process much more recently. When the minister came before the Senate, as required by the Senate, to make an explanation of it, his explanation included that the documents had been reasonably sensitive a year or so ago and they're not so sensitive now. That would often happen. You would expect in things like freedom of information or where the Senate's seeking legal advice and a legal case might be on foot that when that case is over it can maybe be provided. Certainly, we've have seen it quite frequently in commercial confidentiality where figures that are sought early on in a negotiation process are too sensitive to be provided but further down the track that sensitivity falls away. That's the issue I was referring to.

Senator O'SULLIVAN: I have a question in relation to broadcasting—is that you or DPS?

Mr Pye: Depending on what it is, but—

Senator O'SULLIVAN: It's sort of in line with the question that Senator Patrick was asking earlier with regard to—

The President: Numbers of people and things?

Senator O'SULLIVAN: No, looking at the mediums of broadcast, that sort of thing. You spoke about narrowcasting versus broadcasting.

Mr Pye: It feels very DPS to me.

Senator O'SULLIVAN: I'll wait. Thank you.

CHAIR: If there are no further questions for the Department of the Senate, I thank you very much for your attendance and your evidence here this morning. The committee will now move to the Parliamentary Budget Office.

Parliamentary Budget Office

[09:51]

CHAIR: I welcome the Acting Parliamentary Budget Officer Ms Linda Ward and officers of the Parliamentary Budget Office. I thank the PBO for providing updated information on PBO activity which has been circulated to the committee. Ms Ward, do you wish to make an opening statement?

Ms Ward: No, I don't.

The President: Can I say something briefly.

CHAIR: You may.

The President: I'd like to commence by thanking all the staff of the Parliamentary Budget Office for their efforts and their flexibility throughout this year. As well as the general challenges faced by all parliamentary staff, the pandemic has slowed down the recruitment process for a new Parliamentary Budget Officer. As I've outlined previously, the Speaker and I engaged the Parliamentary Service Commissioner to coordinate a process that reflected those undertaken previously, comprising a panel to short-list and make recommendations for interview to the Presiding Officers. The process is now almost complete, and we hope to make an announcement within days. I'd particularly like to thank Linda Ward and Colin Brown who have acted in this role over the period that has been somewhat extended.

CHAIR: Thank you. I know Senator Patrick is seeking the call. Are there any other senators seeking the call for the PBO? I'll go to Senator Ayres first and then Senator Patrick.

Senator AYRES: Good morning, Ms Ward and your colleagues. Will the PBO be doing a medium-term analysis of the budget?

Ms Ward: We will. As one of our regular reports, it was delayed this year due to the timing of the budget but work is currently underway and I expect it to be published in the coming months.

Senator AYRES: So published before the end of the year or—

Ms Ward: Yes.

Senator AYRES: Have you done any work on determining dollar figures for the budget deficit, the level of gross and net debt?

Ms Ward: Not in relation to the budget. You might be aware that we published medium-term fiscal scenarios earlier this year that showed the impact of COVID-19 on a number of aggregates, including net debt, but that's the extent of our published analysis at this point.

Senator AYRES: Has there been any work done or do you have a view about when the budget would next get back into surplus?

Ms Ward: No, that's not an area that we've analysed at this point—or, rather, we haven't published anything in that space.

Senator AYRES: So you haven't published anything on that. Is there any work being done on that question?

Ms Ward: As I said, we've got our medium-term projections work underway. That focuses on the next decade. We also have a report that we expect to be published, again before the end of the year, on fiscal sustainability. That will provide a framework for thinking about issues to do with the longer-term sustainability of the budget position.

Senator AYRES: Does that work on the next decade show us getting back into surplus over the course of the decade?

Ms Ward: That work is still underway.

Senator AYRES: And it doesn't show when net debt would be zero or when gross debt would begin to be paid off?

Ms Ward: It will show what the likely trajectory is for net debt over the next decade, but, as I said, that work is still underway.

Senator AYRES: It's still underway—it hasn't been completed yet?

Ms Ward: Well, the budget was only released on 6 October.

Senator AYRES: Yes. So why does the PBO have a debt calculator on the website?

Ms Ward: The public debt interest calculator?

Senator AYRES: Mm.

Ms Ward: We published that on Friday. That's a tool to provide the general public and parliamentarians with a way of understanding the interest costs associated with specific policy proposals. It is based on the same calculator that we use in costings, which is also used for the post-election reports. It allows, for example, a parliamentarian to receive a PBO costing and to insert the figures from that costing to get an estimate of how much interest cost might be associated with that proposal.

Senator AYRES: Is that something that was an internal initiative of the Parliamentary Budget Office?

Ms Ward: That's correct.

Senator AYRES: So it was developed prior to this budget?

Ms Ward: Yes, certainly. That work has been underway for quite some time. It just reached completion last week.

Senator AYRES: How long has that process been going on for?

Ms Ward: I can't recall the exact timing, but it started earlier this year.

Senator AYRES: Prior to March?

Ms Ward: I'm not sure if the specific work was underway, but the discussions had been happening for some time within the PBO prior to March. It was one of the projects that we identified as being valuable coming out of our post-election work last year.

Senator AYRES: Thank you. Will the pandemic and the policies in the budget, including the hiring subsidy only for those under 35 and investment in industries with more men than women workers, hasten the age and gender trends in those receiving JobSeeker?

Ms Ward: I can't really comment on how specific proposals will affect JobSeeker recipients into the future. We published a report on JobSeeker just prior to the budget, showing the underlying trends affecting JobSeeker recipient numbers and how we expect that to affect expenditure on JobSeeker into the future. Our finding was that, based on some of the shifts that have occurred over the last three decades in that recipient group, we think it's likely that there will be a greater expenditure on JobSeeker than we had previously projected in our own medium-term projections report, but we are still doing the detailed analysis of how that will flow through into the projections that we publish with the report later this year.

Senator AYRES: But will, for example, the hiring subsidy for those under 35 mean that the cohort of older women on JobSeeker will increase?

Ms Ward: I haven't done the analysis at all to look at whether that would change the trend already underway in respect of older women.

Senator AYRES: So we see older women—that cohort—increasing but you haven't done any work on whether the government's new policy proposition outlined in the budget will accentuate that trend?

Ms Ward: Our report was published prior to budget and, as I said, all our work looking at the medium-term projections report is still underway. One of the elements of that will be to project what the outlook is for all major expenditure programs, including JobSeeker.

Senator AYRES: In that report, of the cohort of people over 60 who are on JobSeeker, how many are likely to stay on the payment until the age pension age?

Ms Ward: I might ask Ms Smith to come to the table. She may have that specific figure to hand.

Ms Smith: You asked how many of the existing women aged over 65 would remain on JobSeeker?

Senator AYRES: The number of people 60 and over who are on JobSeeker and are likely to stay on JobSeeker all the way through to the age pension?

Ms Smith: We wouldn't have those specific figures. Our report does illustrate that older-age cohorts are likely to remain on JobSeeker for a longer period of time, and indeed, they're the highest age group who have been on the payment for five years or more.

Senator AYRES: The government's policy proposition—the under-35 incentives—will make that trend worse, won't it?

Ms Smith: As Ms Ward said, we haven't analysed the impacts of that specific proposal, to date.

Senator AYRES: It's hard to see, Ms Ward, any other result flowing from that policy, isn't it?

Ms Ward: I guess as a general statement, underlying trends affecting older women are likely to continue and be, in a way, unaffected by a measure that targets women outside of that.

Senator AYRES: But if the policy measures are directed towards men and women under a particular age, that group of women over 60, the group of men and women over the age of 60 are likely to—those trends that you have described in the report and have described today are not going to improve. They're going to get worse for that group, aren't they?

Ms Ward: From our perspective, we would see the same trend continuing, based on the analysis we've done to date.

Senator AYRES: Has the PBO modelled or measured the propensity of social security recipients, particularly those on unemployment payments, to spend—particularly relative to higher income earners?

Ms Ward: That would be more in the realm of economic analysis, which is outside of our mandate.

Senator AYRES: There's no work being done about whether there's a higher propensity to spend of low-income earners or recipients of JobSeeker?

Ms Ward: As I said, the only time in which we would consider that question would be in the course of a costing or budget analysis request that involved a behavioural response.

Senator AYRES: So, a response to high-income tax cuts or an increase in unemployment payments?

Ms Ward: Those could be examples. but I'm not able to comment on what specific work—

Senator AYRES: But you haven't been asked to do that work?

Ms Ward: All of our costings and budget analysis work is confidential, unless the requester allows us to talk publicly about it. We haven't released anything publicly.

Senator AYRES: The report indicates that the trend of people being stuck on the JobSeeker payment for longer will continue. What is driving that?

Ms Ward: Sorry, could you repeat—

Senator AYRES: Your report indicates that the trend of people being stuck on the JobSeeker payment for longer will continue. What is driving that increasing length of time that people are stuck on the JobSeeker payment?

Ms Ward: Part of it is the demographics and also capacity to work. There's an increasing proportion who are exempt from mutual obligation activity. Ms Smith may wish to add.

Ms Smith: To elaborate, we did identify that there's an increasing share of recipients who aren't subject to the full mutual obligation requirements, and that's risen from about 10 per cent in around 2007 to around 40 per cent now. It's likely that some of that is due to policy changes from successive governments in other social welfare payments.

Senator AYRES: On the increasing length of people being on JobKeeper, has there have been any work done on what cost to the budget and to the economy is associated with that increasing duration, in terms of mental health outcomes, other health outcomes, productivity, access to housing—that range of questions?

Ms Ward: Our analysis, consistent with our mandate, is focused on the fiscal policy elements associated with that payment. As I said, in our medium-term projections report, we'll

look then at how we expect those underlying trends to flow through to the budget cost over the medium term.

Senator AYRES: So there will be work about the increasing unemployment, increasing duration of unemployment, and the impact of that on mental health, for example—on Commonwealth expenditures in the area?

Ms Ward: No. That's outside of our mandate.

Senator AYRES: I had some good questions about the appointment of the new Parliamentary Budget Officer, President, but you neatly anticipated we would have questions about that. Is there anything else you can tell us about that?

The President: What would you like? I've got a rough outline of costs.

Senator AYRES: Yes. You're always one step ahead of me.

The President: To be honest, we were hoping to be able to get it out before today. Obviously, there's some consultation and we need to inform some people before we make a public announcement. I hope it will be this week. So, recruitment, managing and scribing costs to be reimbursed to the APSC, in this case acting as the Parliamentary Service Commissioner, will be just over \$5,000, and the advertising costs—we did run a second round, because the first rounds sort of got lost in the months of March and April—come to just under \$30,000. They'll be reimbursed to the APSC, in this case acting as the—because the joint appointment, Peter Woolcott, is also the Parliamentary Service Commissioner, but acts in a separate statutory capacity to the Presiding Officers.

Senator AYRES: How many applications were received?

The President: I don't have that information on me. It would've been over a dozen. To be exact, I can take on notice how many were received.

Senator AYRES: Okay.

Senator PATRICK: Ms Ward, I want to talk to you about a PBO request. It's a request that I have made and I'm giving you permission to talk about it. For the benefit of others listening, it's a request to have one graph produced, and that is a graph of Defence acquisition costs as a function of time. But instead of coming from Defence, I have asked the PBO to look at it from a projects perspective, so we look at what the project managers of each of the individual projects think, simply aggregate what they think and then present that information to me. That request is a long-standing request now. I will declare that I have talked to you about this in private. Can you just advise me what the difficulties are in respect of the request I made? What is the problem that the PBO is encountering in not being able to respond to that request?

Ms Ward: The difficulties that the PBO is having?

Senator PATRICK: Yes. Obviously, you approach these things—and this is not in any way disparaging of you, because you've done some other excellent work for me. It is just that, in this particular instance, the PBO is taking quite a significant amount of time, and it appears on the face of it that you're unable to complete the request.

Ms Ward: I will talk about the request, seeing that you've authorised me to do so. As you'd be aware, we rely on government agencies to provide information and models to support our work, and I would start by saying that we get very good cooperation from

government agencies in doing that. But there are provisions in the memorandum of understanding that we have in place with all government agencies that allow them to indicate where information is confidential. In this case, there are some components of the information that we would require to complete your request that are confidential, and we are unable to disclose those. There are times when we receive confidential information from government agencies and we have the capacity to do so, but, on those occasions, we would only use that information to complete a request if we could do so in a way that didn't reveal the underlying confidential data. In this case, we don't have the full information in order to complete the request, but I am satisfied that we have had good engagement from the agency.

Senator PATRICK: Good engagement is nice, but if it doesn't fulfil the objective, which is to complete the work, then, one would argue, the engagement is a means to an end, not the end in itself. Is it fair to say that what I'm asking for is, on the x axis, time, in years, for each year, and an aggregate of total requirements of expenditure? Would you consider that to be confidential?

Ms Ward: I think our assessment is that it would be difficult for us to provide the data that you've requested in a way in which we'd be satisfied that the underlying confidential data couldn't be determined. Mr Brown may wish to add to that.

Mr Brown: We can really only go by what the department advises us as well. Under our act, if they advise us that it is confidential, then we don't have any grounds to contest that, and apparently there is sensitivity in the time profile of the expenditure.

Senator PATRICK: But there's a public domain time profile. In regard to this document, I can actually go to the integrated investment plan and get access to what I would consider to be a smoothed diagram. I just want to get to the truth of what the project managers think. If I said that the entire expenditure on defence acquisitions this year was \$10.2 billion, how could that in any way reveal anything that is confidential, commercially sensitive or militarily sensitive? Can you perhaps elaborate? If you're concerned that what you're going to release to me may be confidential, can you explain that?

Ms Ward: As Mr Brown said, we rely on the agency as well to advise us on the security classification of that information.

Senator PATRICK: Just to be very clear, the output, which is one graph with the aggregate information, is all I'm seeking. I'm just trying to narrow down where the problem lies. Either you're saying that's sensitive and it couldn't be produced or, alternatively, Defence is saying the input data is sensitive. I'm just trying to establish which of those two it is.

Ms Ward: I think it's both. Both the data required to perform the calculation and the final result are classified as confidential.

Senator PATRICK: Are you asking for any information about military systems: what they do; how they perform? Or are you simply asking for cost information as a function of time?

Ms Ward: Mr Brown may wish to answer the specific—

Mr Brown: We're asking for purely the cost information over time.

The President: Can I just say, as a lay person without your background in this, it would strike me that it is possible that even if you wanted aggregated information over time, that an

assertion that that could be reverse engineered to provide more information than what is currently in the public domain for security reasons could be made. It could mean something more to people who knew how to effectively analyse what might be more specific spending over time by project.

Senator PATRICK: There are 30 projects on the major projects list, and if I said to you the total expenditure for those projects this year was \$10.2 billion, I put it to you: you could not reverse engineer anything out of that.

The President: Maybe not out of that, but is it possible that becomes a tool by which other information that is available can help do that with that other information?

Senator PATRICK: There is a public domain version. I put it to you it's a smoothed version.

The President: That's what I'm saying though: is the smoothing then, potentially part of the—

Senator PATRICK: I'll tell you why I want the information, to give you an understanding. It's because what happens is project managers will work out how they want to spend the money, and that may involve a peak at some point in time. And the numbers that Defence spend are deficit breaking, although it's pretty hard to do that now; they can change surpluses to deficits. So what happens is a project may then be instructed to delay progress.

The President: I appreciate that, yes.

Senator PATRICK: I want to get a sense of—

The President: Or accelerate progress in order to bring forward something.

Senator PATRICK: I agree—either way. That's why I find the smoothed version very difficult to believe, because it just doesn't sit well with me with my project manager experience. I don't have a criticism of the work that the PBO does; I'm trying to get to the relationship between Defence and the PBO, whereby Defence will not pass information that only involves cost information as a function of the time, and maybe the name of the project. Correct me if I'm wrong, if you were passed that information you would never reveal that and couldn't be compelled to reveal that information to anyone, could you? Your Act prevents that.

Ms Ward: Any confidential information sitting with us, that's right, remains confidential. We can't be compelled to provide it.

Senator PATRICK: How many other circumstances have you encountered this year where you've not been able to carry out a request, because an agency has not provided you or has refused to provide you with information?

Ms Ward: I don't have the specific numbers. I think there would be very few.

Senator PATRICK: Can you take that on notice?

Ms Ward: I can take it on notice.

Senator PATRICK: And can you detail the department which is not providing that information and the purported reason for not providing that to you for each of those instances? I don't want to go into the request itself—obviously, they're details that are private to members and, indeed, to the office itself.

In this instance, it is the Department of Defence and they're refusing to provide you with simple cost information as a function of time and perhaps the name of the project. There's nothing in the request that requires you to understand anything about military capability, anything about what the capability will be used for, anything that a normal person would say might involve some sensitivities. It's just financial information.

Ms Ward: We have received information to the extent that they have felt able to provide it to us. But it's not sufficient to undertake the costing in full.

Senator PATRICK: How firm are you in pushing back?

Ms Ward: We've had extensive discussions with Defence—Mr Brown can talk to the details of those—to try and explore options for us to be able to gain access to the information and to understand the underlying reason for the information not being provided to us.

Senator PATRICK: Mr Brown—the nature of those discussions?

Mr Brown: We have had discussions with Defence about the information that's requested and what we can be provided. And we have certainly pushed the department to try and get greater disclosure. We have received, I think, information to the fullest extent that they feel they can provide us.

Senator PATRICK: In saying to you, 'We can't give you this information, it would cause harm,' what are the reasons they're giving you in respect of the nonprovision of information?

Mr Brown: They range across—there are a number of potential reasons why a department could withhold information from us. In a case of—

Senator PATRICK: Just in relation to these discussions, I want to know the specifics of these discussions.

Mr Brown: It ranges across the potential for national security implications, potential for disclosing commercial information, which is confidential, and then there's cabinet confidentiality as well.

Senator PATRICK: But that's not stuff that you're going to pass on to me as the requester, is it?

Mr Brown: In terms of the detailed item by item expenditures, no, we wouldn't be passing that across. It would be an aggregate, but—

Senator PATRICK: Do you have people with security clearances in your office?

Mr Brown: Yes.

Senator PATRICK: Presumably, there are two requirements: you need to have a clearance and a need to know. Have you talked that through with the department to say: 'Actually, we are cleared. We can hold this information. It will not leave this office. It will be restricted'?

Mr Brown: We have had discussions along those lines, yes.

Senator PATRICK: I'm just trying to get to the nub of why Defence think that numbers associated with projects could in any way be classified or harmful to national security in your discussions with them.

Mr Brown: I think national security is one potential ground, but there are others as well.

Senator PATRICK: I'm trying to drill down international security.

The President: I think, to be fair, it's always difficult to ask officials to report on the concerns of others. They've been flagged. I think it's fair to say that that should be pursued with Defence as to what they've said rather than asking these people to report what's been said in the first instance.

Senator PATRICK: I don't it's unreasonable to ask them what Defence told them or what was communicated to them by Defence, because I will ask Defence as well.

The President: I know. But, in general terms, I think it's always fair, in the first instance, to give the person you're asking rather than go for the hearsay.

Senator PATRICK: Sure.

Ms Ward: I don't think there's really anything further we could add in terms of the discussions we've had with Defence that would go to a greater level of detail than—

Senator PATRICK: Okay. It goes to efficacy. It goes to your ability to actually do your job. If you just sit there and say, 'Yeah, I'll accept that,' rather than push back a little bit, then it actually creates a really bad precedent moving forward for anyone who makes a request.

The President: To be fair, I don't think that's what the officials are suggesting. I've heard them talk about ongoing dialogue and discussion.

Senator PATRICK: Sure. I'm trying to understand the amount of pushback—whether you've just accepted that some piece of information has been claimed by Defence to be sensitive and that's the end of the story, you just said, 'Okay, I won't push further.'

Ms Ward: Both the memorandum of understanding we have with the other government agencies and our legislation, which has specific powers in relation to the post-election report, have provisions that allow for agencies to indicate that information is protected and to request that we not release it or require us to not release it.

Senator PATRICK: I understand that. My question goes to how you go about inquiring and testing those claims—or you simply don't. Can any department just say, 'Sorry, it's sensitive,' and the PBO stops doing its work?

Ms Ward: It's not correct to say that we just take their first response as a final response. We do, as Mr Brown said, have discussions with whichever agency is involved to understand the reasons and be satisfied that there are—

Senator PATRICK: And that's my point. So you've got an understanding of the reasons. I'd like you to communicate those to me. I'd like you to tell me what those reasons are, not just that it's national security. You've done a bit of pushing back. What were the exact reasons for Defence to deny you access to information required to fulfil a reasonable request?

CHAIR: Senator Patrick, you have asked that question a couple of times now, and I think the PBO's trying to assist you as best it can within the constraints that it operates in. As the President suggested, you've got the opportunity to pursue this with the department itself—

Senator PATRICK: And I will.

CHAIR: The people who communicated this to the PBO, they're the best place, I think, to ask that question.

Senator PATRICK: Respectfully, Ms Ward just told me that they tried to seek an understanding of why information is not passed on.

CHAIR: Sure. I've let you go for 15 minutes completely uninterrupted on this issue, but given that you've now come back to this same question four or five times by my count, let's perhaps let the PBO have one more go at responding to that question. But I think it's only fair you pursue the department—

The President: Can I suggest respectfully to my colleagues at the PBO—and I appreciate that you would like an answer from them before you go to Defence—

Senator PATRICK: Yes.

The President: With respect, I think Defence should be given the opportunity to answer first. Given that you've asked a few times, they may be able to provide you with further information on notice. I appreciate the specific words that are used here are something which may be of specific interest to you and so I think we should give the officials the chance to interrogate their own records and have a specific set of words reported to you.

Senator PATRICK: Okay. If you'd take that on notice, as the President suggested, I'd be happy with that. Thank you, Chair.

The President: It's just so that they can be perfectly accurately reflected interactions.

Senator PATRICK: Thank you, Mr President, that's very helpful.

CHAIR: Are there other senators who wish to ask questions of the PBO? If not, I thank you very much for your attendance and your evidence here this morning.

Proceedings suspended from 10:25 to 10:44

Department of Parliamentary Services

CHAIR: I welcome Mr Robert Stefanic, Secretary of the Department of Parliamentary Services, Dr Dianne Heriot, Parliamentary Librarian, and officers from the department. I thank DPS for providing the information pursuant to the committee's recommendations in the DPS inquiry, which has been circulated to the committee. I know, Mr President, that you have an opening statement. Dr Heriot and Mr Stefanic, do either of you have opening statements?

Mr Stefanic: No, I do not, thank you, Chair.

Dr Heriot: No, thank you, Chair.

CHAIR: Mr President.

The President: Firstly, I'd like to acknowledge the extensive efforts by the department and its staff during the unprecedented events of this year. It seems like an eon ago that the smoke had barely cleared from the summer bushfires and the clean-up completed from Canberra's extraordinarily intense hailstorm, when DPS had to turn its attention to COVID-19. Throughout this year, DPS has taken a lead role in working with other parliamentary departments to ensure that the parliament will continue its work throughout the pandemic. On 6 March, the department formally activated its Continuity Coordination Group under its business continuity framework, and subsequently established a COVID task force on 20 March to lead and implement a coordinated response at Parliament House. In my view, it has been critical to demonstrate that parliament and its work in various fora continue throughout the pandemic, and we have successfully done that. DPS has worked closely with myself, the Speaker and other parliamentary departments to adapt critical functions.

Despite the extensive and evolving challenges but particularly the unique risk of people travelling from across the country, the Australian parliament met on 23 March, 8 April, 12 to 14 May, 10 to 18 June and 24 August to 3 September. In conjunction with its parliamentary department counterparts, DPS implemented best-practice hygiene measures, communicated pandemic related changes, and maintained high levels of flexibility to adapt to new situations and requirements as they have arisen, sometimes quite rapidly. For example, when the medical advice recommended the use of masks for the August and, indeed, current sitting periods, a team of around 25 people worked for several days to prepare approximately 5,500 face mask kits for parliamentarians, staff and building occupants.

Earlier in the year, with the immediate prospect that many more users of our computer network might need to self-isolate and access the IT system remotely and then the rapid expansion of more general remote-work needs, the DPS ICT staff worked around the clock, not only to meet the technological demands of rapidly supporting parliamentarians and their staff into remote working environments but also while they themselves, professionally and privately, were being impacted by the situation. The ICT remote-access system had been developed years ago to support ad hoc use and did not have the capacity to support potentially 5,000 remote-access users. In record time, the team set about planning, designing and implementing a temporary solution to urgently increase capacity to meet needs while at the same time also working to deliver a long-term, scalable solution that was subsequently successfully implemented. I should mention the 2020 Service Desk was inundated with requests for remote access, as users across the network transitioned rapidly to remote working. This small team handled up to 730 contacts per day at the peak of this transition.

I think DPS should also be commended for its efforts to rapidly expand video-conferencing capabilities in conjunction with the parliamentary departments. Between 1 April and 30 September this year, 362 committee hearings totalling 1,188 hours have been conducted. Of these hearings, the majority had committee members and witnesses participate remotely using either videoconference or teleconference facilities to engage in the important work that committees perform. I would add that this work is particularly critical to the Senate and to senators. The feedback received by the Speaker and me confirms that participants are generally satisfied with the video conferencing system's operation and support. Minor challenges were expected and, in my view, have been handled effectively.

Of course, the initial closure of the building to the public meant some public-facing staff could not perform their normal duties. I'd like to acknowledge the 55 DPS staff across various functions who were redeployed to Services Australia to support the government's pandemic response. To support this effort, the Speaker and I agreed to a satellite processing centre being established within Parliament House, providing additional space for Services Australia and enabling seconded staff to attend their normal place of work while undertaking this assistance.

Finally on the subject of COVID-19, I want to acknowledge the wonderful job done by all the people who have kept Parliament House clean this year. The significance of hygiene and cleaning has never been clearer than during this pandemic. This year, 21 October marks Thank your Cleaner Day and I want to take this opportunity to thank the hardworking men and women who keep our workspaces safe and hygienic day after day, a role that is sometimes wrongly taken for granted but that, in this new world, is even more critical to a

safe workspace, and, eventually, what will again be a destination for hundreds of thousands of visitors.

I go now to some brief upgrades on the capital works. On the kitchens upgrade, reduced building occupancy during the year presented the opportunity to accelerate a number of important infrastructure improvements led by DPS. One of the most significant was the completion of an upgrade to outdated catering facilities. This project provided the basis for increased efficiency and capacity for each of the six kitchens of Parliament House and represents the most significant upgrade of these facilities since the building opened over 30 years ago. The upgrade has been particularly necessary for the staff dining room, the cafe, which now processes more than quarter of a million transactions per year. The works are underpinned by two primary elements: a complete redesign of kitchen layouts and the replacement of obsolete energy-inefficient equipment with contemporary equipment that is consistent across all kitchens. Critically, in addition to this, these changes ensure compliance with food safety, and work health and safety requirements.

As with most large and complex projects, once construction commenced, it became obvious there was a need and opportunity to remediate some important infrastructure, and these activities were rolled into the project scope. For the members and guests dining kitchen, this was the replacement of a drainage network of cast iron piping enclosed in the ceiling of the Great Hall. I have a section of it here if you would like to see it but it's not particularly conducive to tabling at a committee meeting. This network was found to be almost completely blocked, and I will tabling some photos of the pipe blockages that were discovered. The replacement of 80 linear metres of pipes has avoided what was an inevitable breakage and consequent flooding that would have damaged the Great Hall beneath it—hopefully not at an actual event—and would have damaged the flooring and the irreplaceable Great Hall tapestry, one of the largest tapestries in the world created by Arthur Boyd and manufactured by the Victorian Tapestry Workshop.

The second major infrastructure issue addressed was the waterproofing on the flooring of Queen's Terrace cafe. The works revealed there was no waterproofing applied on the main slab. This, of course, had to be addressed. In doing so, in excess of 29 tonnes of sand and cement was hand mixed on site. Both these issues were not anticipated in the project scoping but were addressed by the project team. It was achieved against a tight project schedule, with an immovable delivery date driven by the timing of the federal budget and the then expected need for the availability of the Great Hall, which was met. The refurbished Queen's Terrace cafe is due to reopen at the end of this month and will reinstate the original design intent of that space. All project elements have been delivered on time and within budget.

Now to some issues that are regularly raised with me: mobile phone upgrade. At this stage, while there are some delays to the delivery of equipment, the mobile reception upgrade remains scheduled for completion at the end of this year. As I said earlier, one of the reasons for a slight delay was our insistence that it be 5G compatible and not simply a fortune spent upgrading it to 4G. I know Senator Waters mentioned wi-fi earlier.

Over the last two years, capacity for wi-fi has been expanded for coverage across the building; however, some factors have particularly impacted on the quality and reliability of service. As building occupants have returned to the workplace, some remote working places have come with them. For example, there are now unprecedented levels compared to a year

ago use of videoconferencing and calling platforms and other new data services that can run on wi-fi such as Microsoft Teams and Webex and including some we don't allow on our hard network such as Zoom. If connected to wi-fi, these services collectively impact on the core of availability of bandwidth. DPS is actively working on both short- and long-term solutions. Wi-fi specialists have been engaged to advise on solutions to improve service quality. A longer term project is underway to upgrade core infrastructure to provide a stable and reliable platform for the future. I recognise this does not provide immediate resolution but this is recognised as a high priority, and not just because I can't use it in my own office.

Finally, cybersecurity upgrades continue. As I have said previously, these are matters for which each of us has to take responsibility, as well as network and infrastructure issues at a management level. The Speaker and myself have recently written to senators and members about the coming phase of changes that will have some impact on users but that we have deemed, on advice, are necessary. So, please, check your inboxes and your in trays. I would also like to table the 6th Annual Presiding Officers' Statement Regarding the Condition of Parliament House and I thank the committee for its indulgence.

CHAIR: Thank you, Mr President, for that very comprehensive update. I can probably safely say I'm speaking for all members of the committee and all senators when I add my thanks to your appreciation to DPS and all its employees for the way they have kept this building safe and operating during this very difficult period. Touch wood, it is a remarkable achievement given the way in which people come from all around the country to meet here in the way we do and then go home again that there's been no transmission in this building during that period and that's in no small part to all the people that you thanked and recognised, Mr President. I thank you for doing that

I'm going to take the Chair's prerogative to kick off with some questions. Mr Stefanic, these questions are about the granting of passes to access the building to members of the parliamentary press gallery. Please excuse a bit of a preamble, because I want you to have the full context of my questions before you answer them. There was an incident in Parliament House at the Prime Minister's press conference in his courtyard on 26 June where a member of the Xinhua News Agency and a number of guests that they appeared to have signed in came to the press conference and filmed other journalists who work here in Parliament House—I know security in the Prime Minister's courtyard is a matter for the AFP, not DPS, so I'm not asking you about that—and this has raised concern among a number of building occupants about access to the building. What I want to understand from you is the process by which those passes are granted and how that happens. In doing so, I'm not casting any aspersions about the parliamentary press gallery and the committee, who I understand have a role. I've discussed it with the president and the secretary of that committee, and, from my discussions with them, it's clear they very diligently fulfil their role. I just want to understand the process here. To you, Mr Stefanic: how does a member of the press gallery come to get a pass to enter the building?

Mr Stefanic: It's a fairly simple process. The pass office, operated by DPS, receives the application, and the application for the individual pass is sponsored by the president of the press gallery.

CHAIR: So assessment about whether that person meets the necessary criteria to qualify for that pass is effectively done by the press gallery committee?

Mr Stefanic: That's correct.

CHAIR: So, in effect, parliament has outsourced to a third party decisions about who should have access to the building?

The President: To be fair, this is going into areas of policy, not just administration, but I—

CHAIR: I want to come to you at the end, Mr President.

The President: would not use those terms. I would say that the parliament has granted some autonomy to the officers of the press gallery—or the officers of the parliament; it's a longstanding practice—to determine which members of the press gain access; I would not use your terms.

CHAIR: I do have some policy questions for you, which I want to come to at the end, because there are, as you say, real questions of policy here that have nothing to do with DPS—or, indeed, the press gallery—but are really matters for us as politicians. So we'll come to you on that. Just so we're clear on the process, Mr Stefanic: for an ordinary pass to be granted to a member of parliament's staff or to a lobbyist, there is some involvement either with DPS or an elected politician in deciding the merits of that person being granted access to the building. That's right, isn't it?

Mr Stefanic: Yes, that's correct. Sponsored passes, for example, require an existing passholder with policy rights to sponsor another individual for the issue of an unescorted pass to them.

CHAIR: In that way, either parliament or the government has control over every other passholder that's granted access to the building with the exception of journalists.

The President: A member of parliament, in the sense of any other member of parliament having the right to put someone up for a sponsored pass—not the parliament, a member of it.

CHAIR: I'll come to the policy issues at the end, because there might be a good reason that you wouldn't want members of parliament to control which journalists have access to the building. A press gallery passholder is entitled to roam around the building, unescorted. Isn't that correct?

Mr Stefanic: That's correct.

CHAIR: They're also entitled to sign in guests on the same basis as another passholder.

Mr Stefanic: That's correct.

CHAIR: Is there a—

The President: Not all passholders have that right, but press gallery members do. To be honest, that reflects the fact that you can go down to the Senate most days and see press gallery members signing in people to go up to a studio at the ABC, Sky or something like that.

CHAIR: I'm not contesting that that's not an appropriate right for them to have; I just want to establish these facts. Is there no limit on the number of people they can sign in at any one time?

The President: There is a number at one time. I can't tell you it off the top of my head, but I can get that for you. There are numerical limits.

Mr Stefanic: I'm getting that information for you, Chair.

CHAIR: Is there any criteria for a passholder to decide who they should sign in as a guest, or is it just up to their own judgement about what's wise to do? Are they given any guidance about that?

The President: We've given guidance, over this sitting period, for example, to our senators and members to only sign in people for essential business, but we leave the judgement of what is essential to each senator and member. There has historically been, if anything, a great resistance by senators and members regarding their prerogatives over who can be signed in for access to the building—having that in any way restricted by the presiding officers or by the government or by policy. So, in the end, when it comes to signing people in, it was generally in the hands of the senator or member—

CHAIR: Or in this case a member of the press gallery.

The President: Yes.

CHAIR: The reason I ask these questions is that the Xinhua news agency is owned by the Chinese communist party; it's a state-run newsagency from a one-party authoritarian state. And my questions could apply equally to any other news agency of a foreign government that is an authoritarian government. Russia Today's access to the building would be of just as much interest to me as Xinhua's. This is a new agency founded in 1931 by the Chinese communist party. It was originally called the Red China news agency. Its president is on the central committee of the Chinese communist party. We now know that on that day, 26 June—we didn't know this at the time—two members of the Xinhua news agency were raided by ASIO in connection with a foreign interference investigation. In the United States they've been declared a foreign mission and banned. I'm not necessarily advocating any of those things here in Australia, but I think the basis on which people such as these are given access to the building and the rights that they have in this building should be of interest to parliamentarians. What assistance is provided to the press gallery committee to make their assessments about the legitimacy of anyone applying? Do they have any access to research, any assistance?

The President: I would be reluctant for politicians to be interfering with the determination of a press gallery decision about what constitutes a journalist.

CHAIR: And I share your concern about that.

The President: I can't speak to whether or not they engage with agencies that have that expertise.

CHAIR: Yes, I share your concern about that, Mr President. As I said, I want to come to that discussion in a minute. But just to establish the facts: does the press gallery committee have access, in any formal way, to any resources to assist them to make these assessments?

The President: From DPS—the presiding officers have discussions on a number of management issues, some of which aren't disclosed publicly, with respect to the press gallery. In the past that has included those who hold licences, which is the term used here for a leaseholder of the press gallery and therefore a member of the press gallery, because not all pass holders have an office. You can have a press gallery pass—the yellow media pass—without being a licence holder with office space on the second floor. But there are

discussions. There are no DPS-provided resources. Whether or not they seek them from elsewhere or have those discussions, I do not know.

CHAIR: Yes, but as you would know, Mr President, I can't ask questions to the press gallery committee; they don't appear here. And in this instance DPS has, in my terminology—I know you don't agree with it—effectively outsourced to a third party—

The President: But don't say DPS. Let's be honest—take a step back. Let's not say DPS. Let's say it's been longstanding practice, reflecting the will of parliamentarians, for the press gallery to determine its own membership and access to the building. And that's not DPS's issue; that's an issue that the parliament, including myself, and presiding officers have made over many, many decades. Now, the consequence of that may be as you describe it, in this new world, but it is not a conscious decision of DPS to outsource. It has been a longstanding view that the parliament has allowed the press gallery to determine its own membership.

CHAIR: Just on that: do you know the history of it—when that decision was made? Does anyone from DPS know the history of when that was decided?

The President: My best guess—and if I'm wrong I'll make a couple of phone calls to people I know who have been here a long time and who pre-date the building—is that it actually pre-dates this building, because the facilities and the arrangement in this building are somewhat unique in the sense of studios and everything effectively being a broadcast centre. That's not common in Westminster or in the US, where a lot of facilities are offsite. And for reasons that MPs themselves, including me, have been very, very strongly defending, we have refused to zone this building to require the carrying of passes or have pass checks of senators and members going through various parts of it. We've tried to maintain the private and the public areas of the building so as not to be starting to lock senators and members out. It is impractical, if senators and members don't have to carry their pass, to require others to effectively have to swipe in and out of, say, more-sensitive areas of the building.

CHAIR: Sure.

The President: So, I'll check, and I'll come back to you if it's different, but I believe that it pre-dates the opening of this building at the very least.

CHAIR: Thank you. If you could come back on notice, that would be interesting, because, as you hinted, times have changed a little bit and we're now living in an era of state-sponsored disinformation campaigns, and there have been credible accusations that state media journalists have been involved in covert espionage activities all around the world. So, the basis on which the parliament, as you say, has decided to allow pretty much unfettered access to this building to people who might pose a risk in that respect is I think absolutely worthy of the parliament's consideration. But, as you say, there are important policy issues here, Mr President. I agree with what I suspect your view is, or you've hinted at your view is, that it would be inappropriate for politicians to decide which journalists had access to the building. It's very easy to imagine how that could be used capriciously and inappropriately to punish people who are critical.

The President: Indeed, I'd suggest, just as you've outlined, there are those examples you mentioned. There are also lots of examples of politicians using a well-intentioned power to restrict free media and scrutiny. So I suppose in the end it's a balance of risk, but I'd suggest that inertia and longstanding practice to change that is a very substantial change. So, it's not a

conscious decision that the events of what happened; it is a reflection of longstanding practice.

CHAIR: That's why I'm raising it because I think it should be a conscious consideration of the parliament. We should be clear: we're not talking about the Associated Press here. These are very different operations.

The President: What are the criteria? The press gallery has its own criteria. We can critique an existing situation. I'll be honest: I fear the idea that any politician can decide who has access to the building—although that's less important than it once was because of streaming and other things, I appreciate. We've closed the building to the public for weeks now on the basis that they can all watch and hear these hearings. So the question then is: what are the criteria by which politicians should be making the decision about who is entitled to a press pass? At the moment the press gallery has an internal process: they set their criteria, and people fit it or they don't.

CHAIR: I'm conscious of the time. I know that other senators have many questions, so I won't persist with this for too long. I'm not proposing that politicians should decide. What I am asking is: should a more robust process be put in place which ensures the press gallery committee, or whoever it is that makes that decision, has access to sufficient resources to make that decision? Because they are making a decision on behalf of all of the building occupants—

The President: It's the criteria that are the issue, not the resources. In the end you could apply all the resources but it only makes you know more about the existing applicant. The criteria are pretty broad, if you look at them. You're really arguing, I'd suggest, that you want reconsideration of the criteria, given recent developments that you put forward.

CHAIR: Also, alongside.

The President: But the point is: unless you change the criteria, it doesn't really matter if you know extra stuff about them if they still meet the criteria.

CHAIR: Except that I think that the members of the press gallery committee, certainly from my conversations with them, are very sincere and diligent about their role but they don't have access to anything other than their own intuition in deciding whether someone should be granted access or not. I agree: the criteria are important but it's not just criteria.

The President: With all due respect, I don't think that's actually just the issue. I know other members of it say it's not their job to determine what constitutes a journalist, so I don't think it's fair to say there is a consensus. It's a difficult situation, I agree, and there have been discussions with the press gallery committee after that incident about what we can learn from it to ensure something like that does not happen again, being conscious of the fact that it's in a part of the building that we don't have the same authority over. But I come at this from a view that there needs to be a strong argument for—and there may well be one—and a clear articulation of what any change should be. It's not just about resources. If you're going to change who has access to the building, you're changing the criteria.

CHAIR: I agree. Mr Stefanic, do you have an answer for the question you took on notice about the number of people that can be signed in?

Mr Stefanic: I'm still trying to get that, Senator, so I'll take that on notice and provide that you to.

CHAIR: Can I commend it to your consideration, Mr President, as a custodian of the building, along with the Speaker. Not to put too fine point on it, but particularly in this age where parliamentarians are in this building often without staff, our offices are unoccupied for large parts of the day and people have the ability to freely roam around the building, sign in any guests they wish who may have a connection to a foreign state agency. I think it is a real concern to a lot of building participants.

The President: If anyone's got any suggestions for change, I'm happy to think about them on the basis that I would be reluctant to impose something on the federal parliamentary press gallery. I don't think it's a matter of resources. I think we'd have to consider the test. There are lots of historical examples of people who are journalists who have provided information to a state they may have been a citizen of. We've now got an e-access system, which means it's very easy to open and close your office: you don't need to take your keys with you; you just carry your wallet or your phone. There should not be, in my view, material being left around that is so sensitive that it would provoke such concern. And, quite frankly, the security of the building's pretty good. I haven't heard of an example in recent times of someone genuinely concerned that people are wandering in and out of their offices looking at documents. This was a concerning example—I'm not trying to dismiss it—but I'm also falling back on my long-held first amendment beliefs that the greater fear is actually of liberal democracies copying the trends of those that we are concerned about and limiting a free press. I always err on the side of that.

CHAIR: I share your concerns on that, but I've taken up enough time this morning. Would any other senators like to follow up on this question?

Senator KITCHING: Mr President, obviously there are restrictions around, for example, where media can take photographs, so, thankfully, they're not able to take a photograph at Aussie's. What I'm wondering is, if there are journalists who are taking photographs of other journalists—and there may not be anything in writing—wouldn't there be a convention around them not doing that? I know that inadvertently sometimes the cameras pan to the press gallery in a doorstep or in press conferences, but it's not what seems to be the deliberate taking of photographs of journalists. Under the agreement that the parliament has with the committee of the press gallery, are there some understandings about where it's not inadvertent or part of the usual activity but rather the deliberate taking of photographs?

The President: Firstly, putting aside this one instance, which you and Senator Paterson have raised quite legitimate concerns about, it's something that had not occurred before and there have been discussions to do our best to ensure it doesn't happen again. The media rules are about areas where you can take photos. All senators and members are aware of those areas and, every so often, we have to discipline or warn someone for breaching those rules or call a colleague and suggest that they take down a post that is not compliant with the rules. I'm not aware of any particular rule that would say you can't take a photo of journalists and, I might say, if I did, I can imagine some of my colleagues might say, 'They've taken photos of me in the courtyard; why can't I take photos of them?' Any rules we have apply to everyone equally. Could we have a rule that journalists can't take photos of other journalists? To be fair, when you turn on Sky or ABC 24, you often see the camera turn to the journalists asking questions, so I just have to—

Senator KITCHING: That's the point I raised. I understand that and that's why I raised it, but normally that's an inadvertent panning of the camera. You see it happening every day, but not where someone is deliberately taking a photograph of—

The President: This was different, I agree. If you turn on ABC 24 or Sky, you'll regularly see not inadvertent but intentional use of the camera to people asking questions. I would see this as something that is difficult to make a rule about, because I do not think the press gallery would like me to amend the media rules saying you can only film the subject of a press conference. We changed the rules in the Senate to say you can now film the chamber, rather than only take a photo of the person on their feet with the call. But what happened then was different, and I think the press gallery has taken steps to ensure that that sort of event doesn't happen again.

Senator KITCHING: I do trust the members of the fourth estate and I know that a lot of them have taken it very seriously.

The President: Yes, they have.

Senator KITCHING: I will leave it there, Chair.

CHAIR: Any further questions on this matter before we go to other matters?

Senator AYRES: I think Senator Kitching has questions for DPS.

Senator KITCHING: Thank you for your opening statement. Firstly, I go to the subject of the inquiry that the Senate agreed to a little while ago. Mr Stefanic, have you sent any emails or messages to DPS staff about the current inquiry into the operation and management of DPS?

Mr Stefanic: Senator, I can recall at least one email that I have sent out, when the inquiry was brought to my attention, to advise DPS staff that there was an inquiry on foot.

Senator KITCHING: Are you able to provide copies of that?

Mr Stefanic: Yes, I can, Senator.

Senator KITCHING: Thank you. Do you use any encrypted messaging platforms?

Mr Stefanic: I use a number of messaging platforms.

Senator KITCHING: Which ones do you use?

Mr Stefanic: I use the Apple native messaging, WhatsApp and Signal.

Senator KITCHING: So your messages don't disappear?

The President: It will depend on which messages and what platform and what—

Senator KITCHING: Mr President, the secretary has given what I am going to assume is an exhaustive list—the Apple iMessage, or text message, WhatsApp and Signal—and on those platforms messages don't disappear. I'm just confirming—

The President: I think on some of them, it depends on the settings you apply—and whether you delete them.

Senator KITCHING: I'm thinking about other applications where, as soon as you send it, it disappears.

The President: I know, but it depends on the settings of some of these applications whether they disappear or not.

Senator KITCHING: As we know from leadership challenges, sometimes WhatsApp messages don't disappear.

The President: I agree, yes. Some of them don't, some of them do.

Senator KITCHING: I think you can keep your Signal messages as well.

The President: It depends on how you set up the apps.

Senator KITCHING: In Mr Stefanic's case, do his messages disappear?

Mr Stefanic: You can set, I understand, both on WhatsApp and Signal, for messages to disappear if you wish.

Senator KITCHING: So do yours?

The President: I think you need to be more specific.

Senator KITCHING: I'm not asking about the setting. I'm asking Mr Stefanic—

The President: Sorry, Senator Kitching, you're asking a very broadbrush question—'Do you, in all cases, store your messages, or do your messages disappear in all cases?'—that is almost impossible to answer. With respect to the official—

Senator KITCHING: Does Mr Stefanic have his settings set to their being deleted?

The President: I think the question should be does Mr Stefanic have all the messages he sends, or have some or all been deleted? I don't want people to be artificially or inadvertently tripped up later by that statement, when they say, 'Some are there, some aren't.'

Senator KITCHING: Are you keeping your messages, Mr Stefanic?

Mr Stefanic: In some cases I do, in some cases I delete, Senator.

Senator KITCHING: And what are the cases in which you delete?

Mr Stefanic: There can be all sorts of reasons.

Senator KITCHING: Would you like to list some?

Mr Stefanic: No, I don't have anything specific in mind.

Senator KITCHING: So it's ad hoc?

The President: He didn't say that. Again, when we're going to these very overarching questions, in all honesty, it's very difficult for officials to say something and then to have words inserted in their mouth. He said, 'Some have, some haven't.' That's a statement of fact. He shouldn't necessarily have a word or a term inserted like 'ad hoc'.

Senator KITCHING: I've asked under what circumstances would Mr Stefanic delete messages, or have an application or a platform set to delete? I've asked for what kinds of circumstances would they be, and there seem to be no circumstances—

The President: Let's be blunt—

Senator KITCHING: After one year, does Mr Stefanic delete his messages? Is it a time limit? Is it particular messages from a particular person?

The President: Does every senator who uses various messaging platforms have a set of criteria, off the top of their head, about which messages they keep and which messages they don't? If you're asking about a particular period or a particular incident or a particular platform or a particular event, that would be of more assistance because then people can give specific thought to specific issues. Everyone around this building uses different apps, and I

doubt any of them could actually decide under what criteria, off the tops of their heads, covering every single platform, they decide to keep, store, delete, archive or otherwise.

Senator PATRICK: Can I ask a supplementary? Mr Stefanic, what do you understand your obligations are in respect of communications that you make in your role as the secretary? There are normally obligations in respect of preserving communications around your role. Can you just describe what you think your obligations are?

Mr Stefanic: Thank you, Senator. Yes, certainly anything that would be described as a decision I would consider as an official record, and I would retain that.

Senator PATRICK: Is that from guidance that has been given to you by the Public Service Commission or somebody else in respect of messages? I note under FOI, for example, you can get access to text messages.

The President: DPS, as a general rule, is not subject to that particular—

Senator PATRICK: I understand that, but the principle is that, when Mr Stefanic is working for the department, he should keep diligent records and that the records belong not to him, but to the Commonwealth.

Mr Stefanic: In the vast majority of instances, decisions that are made by me are documented more formally. So they will be in an email, which is registered in our records management system, or in a formal brief that would require my signature.

Senator PATRICK: I'm not really going to decisions of that nature. I'm talking about general communications with your staff, with other departments, with other secretaries and so forth. Do you view those as Commonwealth records, or are they personal for you to choose whether to delete or not?

Mr Stefanic: I would say that when there is a quick discussion—for example, if a person cannot be reached by phone, and a message is an easier way of communicating—I personally would not necessarily consider that a record. That's on the basis that, if I were having a phone conversation, that would not be a record for the purposes of the Commonwealth.

Senator PATRICK: Thank you, Chair.

Senator KIM CARR: I have a follow-up question. In terms of this inquiry into the Department of Parliamentary Services, it has been put to me by some parliamentary staff that they're not able to give proper advice to the inquiry because of their concerns about retribution by the senior management within your department. We all know the standing orders prohibit penalties being imposed upon witnesses before inquiries, but given that senior management has the capacity to alter rosters and provide overtime approvals and other forms of reward, what assurances can you give parliamentary staff that do want to contribute to the inquiry that there won't be retribution should they provide advice that's not favourable to the senior management?

The President: Can I insert myself here?

Senator KIM CARR: Yes.

The President: I was involved in the last DPS inquiry that had to have a session off-site to facilitate the provision of confidential information. That was two secretaries ago. The Speaker and I have discussed a number of matters, and I do not have any doubt that the protection of parliamentary privilege is paramount in the minds of the secretary and of the senior staff. Just

as people can make an assertion, I think we need to be careful not to have such an assertion made as if there is an illegitimacy to that. A fear that some may have may not necessarily be based on a genuine prospect of retribution. That would be utterly inappropriate. The Speaker and I have communicated that to senior staff; I'm confident senior staff completely understand that.

But can I also make the point that this building is a unique place to manage—and I have equated it to a student union before—because there are areas and ability for staff in this building to raise what I might call management grievances in a way that in another workplace they cannot. That does not mean that there aren't special requirements of this building, because there are. The security requirements and the privilege requirements of all of you make it a very different workplace to a department down the road. But I do not think, without any evidence which could be put to the committee and without me knowing of someone saying, 'I have been threatened,' or, 'I have a realistic fear of,' that we should be throwing around the potential abuse of privilege willy-nilly. There has been the risk of it happening before. It has been an effort of, I think, four presidents and three Speakers since to make sure it doesn't happen again.

Senator KIM CARR: Mr President, I have no doubt as to your intentions—absolutely no doubt whatsoever. I want to emphasise that. But there is a genuine concern, given what people have put to me, and that's why I asked the question, 'What reassurance can you give staff that there is appropriate protection for witnesses?'

The President: If a colleague, like yourself or another member, wanted to come to me—name redacted to protect the person's privacy—with any legitimate, well-backed and founded fear, or an event that involved some sort of retribution for performance and evidence at a parliamentary committee then I think you would all know that my reaction to that would be severe and rapid. That will not be tolerated. But I haven't yet heard, nor seen, an example that concerns me. I did years ago, to be honest.

CHAIR: Senator Kitching, will you still continue your questions?

Senator KITCHING: Yes, I just have a few more questions on this matter. Mr Stefanic, given your responses to Senator Patrick's questions: are you in any text groups in which you discussed estimates or particular senators? That's because I would say that they are messages that you would be—

The President: I would say that the secretary has messaged myself and the Speaker on occasions as we have joint management responsibility for a number of issues that do occasionally come up. The secretary and I do talk about those.

Senator KITCHING: Yes, but this is in relation to the inquiry—and I don't mean in relation to the Presiding Officers, Mr President. I mean internally, in the senior management team.

The President: Okay. I just wanted to confess that there is that discussion between ourselves—the Speaker and the secretary.

Senator KITCHING: No, I don't mean that. I would like to know if there are any WhatsApp groups, or Signal, or text groups, because they're the list of platforms you've given us—and I'm going to presume that's an exhaustive list. And, in those groups, have you discussed estimates, the inquiry or senators—particular senators? Who is in the group and to

what do the discussions pertain, because, given your responses to Senator Patrick, that would involve work and they should be kept.

The President: I will say, also, that the secretary would be within his rights to say that there are some things which, if they're about internal management of the department, you can make a legitimate claim for them not necessarily being for estimates. Not every single email sent within the department falls within the scope of something that a senator can have a right to ask be published in the public domain.

Senator KITCHING: I'm not asking about email, but I assume—

The President: No, but it's the same with—

Senator KITCHING: I'm asking about platforms that might be encrypted. It might be a work group—let's say the senior management team—and they've had discussions. I'm particularly interested in the inquiry and I'm particularly interested in any discussions they've had on that platform in relation to senators. Mr Stefanic?

Mr Stefanic: I can't recall it, but I don't believe that I've had any discussions regarding the inquiry on any platform.

Senator KITCHING: And what about estimates?

The President: Well, we've spoken about it—I know that.

Mr Stefanic: Senator, I've been Secretary of DPS for nearly five years now. There has been lots of communication about estimates in that time. I couldn't draw any particular examples.

Senator KITCHING: In the senior management team? On the WhatsApp group, have you got a senior management team? For example, on WhatsApp or Signal group. Or maybe you do it by text? I won't limit you.

The President: But I think, to be honest, the format's irrelevant. The fact that senior management might be discussing estimates in person, over message or over email is—

Senator KITCHING: I just have—

The President: not in any way surprising.

Senator KITCHING: The format is not irrelevant. My understanding is there is a WhatsApp group and it has been discussing both—I'm particularly interested in the inquiry but I'm also interested in estimates. I also understand there's been discussion about particular senators.

The President: My point is—

Senator KITCHING: I'm interested to know—

The President: whether it's encrypted or not is irrelevant, because if there was an email discussion amongst senior management about preparation for estimates or an inquiry, unless it pertained to some sort of breach of privilege or whatever, the idea that the Senate committee—

Senator KITCHING: We might get to—

The President: Let me finish. The idea that a Senate committee is going to start trawling and saying, 'We've got access to every single communication, whether it's encrypted, SMS or email, between senior management about preparing for estimates,' just on a trawling basis

rather than saying: 'We're concerned about the particular issue. This is the one we're looking at,' is going to make the place unmanageable.

Senator KITCHING: Can I ask the same question of Ms Saunders? Ms Saunders, for a start, what platforms do you use?

Ms Saunders: I also use WhatsApp, Signal and the normal messaging.

Senator KITCHING: The iMessage or text group or whatever?

Ms Saunders: Yes.

Senator KITCHING: Are you on a senior management group on those platforms?

Ms Saunders: No.

Senator KITCHING: On any of those platforms you're not on a text group, for example, with Mr Stefanic and other people in the senior management team?

Ms Saunders: I can't recall a specific group, but we do text and we do message. There are other information groups. For example, building information and—

Senator KITCHING: I'm not talking about that.

Ms Saunders: No. I'd have to go back and have a look, but there's not a message group that we consistently use that I can recall.

CHAIR: Senator Kitching, I just want to jump in here strictly for time management purposes, because I know Senator Waters—

Senator KITCHING: I'm going to leave that there, and then I do want to go on to another topic.

CHAIR: Just before you do, so I can manage the committee's time here: I know Senator Waters, Senator Patrick and Senator Scarr have questions. There may be others who have questions as well, and we were due to move to the National Bushfire Recovery Agency at 11:45. I think that's now not very realistic and we can push that back a bit, but I ask you to be mindful of the committee's time in your follow-up questions.

Senator KITCHING: I'll assume that both Mr Stefanic and Ms Saunders are going to take it on notice and glance down at their phones and see if they're on any messaging groups. Mr Stefanic, your current term of appointment expires on 13 December this year, so in two months approximately. In the media release that went out in November 2015, from the then presiding officers Senator Parry and Mr Smith, they said:

they were confident that Mr Stefanic would provide exceptional leadership for DPS as it continues to improve its performance in response to recent reviews.

Has Mr Stefanic provided exceptional leadership?

The President: You're asking me?

Senator KITCHING: Yes.

The President: With those words, sorry, I thought you were asking Mr Stefanic then, not myself.

Senator KITCHING: I might ask you as well.

The President: I think DPS, having taken over in November 2017—so two years into that appointment—and having been on this committee and involved in other DPS inquiries, DPS

has come an extraordinarily long way. I think the management challenge of this building is unique. I wouldn't work in management in this building for a lot of danger money because, can I honestly say, it is hard to manage because of the unique nature of this building. That has some genuinely unique sides, one of which is the fact that everyone has to understand the role of parliamentary privilege and even people being seen going into and out of offices can be a matter of confidentiality. It cannot be subject to the same sort of gossip or information or, indeed, transparency as other places to protect the privacy of senators.

But I will also say that I have seen on multiple occasions a different standard applied to the management of this building when it comes to staff exercising grievances via an estimates process, which makes it harder to manage than it should be. Sometimes those cases come to naught. We have had a number of senior managers basically, in my view, drummed out of the building, with a significant impact on their health, over my time in this job. I don't think that we understand how difficult it is to manage a building whereby any employee with a grievance, whether legitimate or not, can run to a senator and have it aired in the public domain. I think we need to keep that in mind.

So in my view, while it has a way to go, look at how DPS handled getting thousands of people on remotely in the space of a month this year. During bushfires that had smoke setting off alarms in buildings around Canberra, they managed to get filters to make this place safe when everyone else was after them. They make safe one of the more challenging workplaces in the country—because we come from all around the buildings—and at the same time maintain our freedom around the building. Through all of that, and through a number of challenges, I have not seen a legitimate privilege issue pop up with respect to DPS now in a bit of time. There were quite a few a couple of years ago. Nothing is perfect, but I think it has come a long way. The reform process continues. I might also add there's been the substantial capital works catch-up program and some difficulties have been encountered there. No-one's perfect, but it is a lot better than it was.

Senator KITCHING: I just have another couple of questions. In relation to the ANAO audits of the department, one-third of those have been conducted under this secretary. I'll refer to question on notice No. 1706 in relation to the ANAO audits. About a third of the audits of this department have been conducted under this secretary. Do you want to comment on that? I guess I would ask: have you, as the Presiding Officer—either you or Mr Smith—had to raise aspects of the department's performance with Mr Stefanic?

The President: We do on a regular basis as part of our regular meetings and oversight. I would say we do so regularly.

Senator KITCHING: Mr Stefanic, are you seeking a renewal?

Mr Stefanic: Yes, I am, Senator.

Senator KITCHING: Okay. Thank you. Now, can I go to another topic—

Mr Stefanic: Sorry, Senator, can I just clarify. Whether I seek a renewal or not is inconsequential; the matter is a decision for both the President and the Speaker.

Senator KITCHING: Yes. Thank you.

CHAIR: Senator Kitching, I'm concerned about time. Your colleagues on the committee are also keen—

Senator KITCHING: I know. Can I just ask a couple of questions about my perennial favourite, the connectivity in the building. I take note of the President's statement, which does address some of the questions I was going to ask.

CHAIR: You certainly may, Senator Kitching, but just be aware there is an ambition from all senators, including your colleagues, to get to the National Bushfire Recovery Agency in a timely way.

Senator KITCHING: Thank you. I'm going to refer to a number of questions on notice. Firstly, in question on notice 1856, I asked:

Has the Department been involved with replacing/upgrading antennas at Parliament House in connection with the connectivity upgrades. If so, how has it been involved and what has it done to date.

I was told not only in that QON but also in estimates on 21 October 2019 and in question on notice 1655, which was dated 18 June 2020—maybe I'll go to that one first. The response said:

Telstra requested a system redesign due to fast-moving developments with 5G technology.

But that's not really accurate, is it, Mr Stefanic? Because when 5G is deployed in Australia it won't be carrying voice calls; that's still going to be on 3G and 4G.

Mr Stefanic: The system redesign was with the intent of it being 5G-ready. You won't be able to immediately make 5G calls with it. There would still be an additional amount of work to do. At this stage—

Senator KITCHING: Nowhere in Australia will be able to use 5G because, in Australia, it won't carry voice calls.

The President: Senator Kitching, I made the point that one of the reasons for the delay of this, as I've said before, is that I was particularly keen to ensure that the equipment was not obsolete with 5G—that it was, in lay terms, upgradeable. We didn't want to install a bunch of antennas that would have to be pulled out. It's upgradeable rather than it being 5G. My words inadvertently conveyed otherwise. I've always tried to say that that was the reason for the delay.

Senator KITCHING: In the response to the question on notice, it says: Telstra requested a system redesign due to fast-moving developments with 5G technology. But, in fact, the first system—the first design—was scrapped, wasn't it?

The President: I don't know if that's the best term or—

Mr Stefanic: I'm not across the technology. I can take that on notice.

Senator KITCHING: Where's Mr Stinziani?

The President: Could you clarify the question.

Senator KITCHING: There were two designs. There was an earlier design of the antenna system, and that was scrapped. What I want to know is: why was it scrapped, and was it scrapped because ASD wouldn't give it a security clearance?

The President: Without going into some of the discussions, it was a firm decision of the Speaker and I that we would seek approval from relevant agencies for the equipment that was being installed. I think everyone understands what I mean by saying that. It applies to a whole range of equipment. Whether or not it was an iterative process or whether it was scrapped,

that requirement was a specific decision that we took. It wasn't an unintended consequence, if that is the way that it could be described. I distinctly remember handwriting that note.

Senator KITCHING: Could I read you something from Telstra, where it says: 'The DAS upgrade does not include 5G. It is not correct to attribute the completion date of this project to the inclusion of 5G.'

The President: No. But I think I said earlier—

Senator KITCHING: You said there was—

The President: The delay in the project was to ensure that it was upgradeable—that the equipment was compatible. If I said 5G, I was wrong. I've always said that it was to ensure that the system could be upgraded.

Senator KITCHING: Yes. What I'm saying to you is that there was a design of the antenna that DPS had done, and that design was scrapped. What I want to know from Mr Stefanic—and if he has to take this on notice I will be flabbergasted—not that I should be, but I would be—because I understand that the ASD didn't give it a security clearance. This is the antenna for the Australian parliament—

The President: Before we go to—

Senator KITCHING: which had a number of security issues—

The President: Senator Kitching, there's emotive language being used here.

Senator KITCHING: No, it's not.

The President: Let's go with the facts. I made it clear earlier that the requirement for approval of agencies was an explicit decision. It is not an accident. It's not something that was designed, and then they went, 'Oops.' It was an explicit decision to seek it and to ensure that we did not have, in a couple of years, someone having a 'Oops, should that really be there' moment. So, again—

Senator KITCHING: I'm not talking about you, Mr President; I'm talking about—

The President: Again, I'm not—

Senator KITCHING: DPS did the QON.

The President: But hang on—

Senator KITCHING: DPS, in a QON, said that—

The President: Let's take the emotive language out of it and find out whether the design was changed and on what basis.

Senator KITCHING: I'm going to refer you to—

CHAIR: Order, Senator Kitching! I can mute you here now, thanks to your absence from the building, so please be careful.

Senator KITCHING: Don't do that, Chair!

CHAIR: In all seriousness, given that we are doing this over video, it would assist if there isn't talking over each other. It's hard enough as it is. Please pause and take a breath.

Senator KITCHING: Could I refer specifically to question on notice No. 1655, particularly question 2:

During Supplementary Budget Estimates on 21 October 2019, the Chief Information Officer informed the Senate Committee that the program was already behind schedule by four months:

- a. what caused the delay of four months;
- b. who caused and/or contributed to the delay;
- c. how many other delays have there been in this project; and
- d. who caused and/or contributed to those delays.

The response was:

Telstra requested a system redesign due to fast-moving developments with 5G technology.

That is not accurate, from Telstra's own words. I will put this question and I would like the department to come back with some accurate information because that is not true, from what Telstra itself has said.

The President: I think Mr Stinziani has a different version of events, and I'll let him go ahead.

Senator KITCHING: Remember, Telstra is listening to this; but thank you.

Mr Stinziani: Indeed. The original design of the mobile antenna system was undertaken by Telstra. We had that original design reviewed by the ASD, so from a security perspective it was put in place. The second design was on the advice—this is a year or so ago—that 5G technology was moving very quickly. It still is moving very quickly. The advice was we should undertake a redesign, in order to make the pathway to 5G easier. So it's not 5G 'flick the switch and it's on', it's a pathway to 5G. That was on Telstra's advice.

I saw the public statement that was made by Telstra, at the time, and we've since corrected that with Telstra. I don't know whether they've corrected that on the record or not but I can guarantee you that that took place. We did undertake that redesign on Telstra's advice. We now have a new design in place that's going to give us a better and quicker pathway to 5G, and that was accepted as a reason for a delay rather than as an excuse for a delay.

The President: The first delay was a decision that the presiding officers took, because I was keen to not spend all this money and have a non-upgradeable system.

Senator KITCHING: So where Telstra says, 'The distributed antenna system does not include 5G and it is not correct to attribute the completion date of this project to the inclusion of 5G,' you're saying that Telstra's inaccurate in that—

The President: No. What Mr Stinziani said was we're not including 5G. It's a system that we want to have a pathway to, to make sure it's not obsolete when 5G equipment becomes available and every Senator says, 'Why can't I get 5G in the building?' If I have been imprecise in my words, again, I apologise. I've always tried to say it's about an upgradeable system; it's not about 5G tomorrow.

Mr Stefanic: When we go live—

CHAIR: I really need to share the call around. There are three other senators waiting. We are already over time with this witness.

Senator KITCHING: I'm going to put some questions on notice, Chair, but the other thing I would ask is, my understanding is that the ASD did not give a security clearance for the first design and that's why it was scrapped—but I'll ask that on notice, and I would expect a response back in a timely manner.

Senator WATERS: Of the \$117.8 million, which includes capital funding for DPS for videoconferencing, does that countenance continuing on virtual parliament next year and onwards?

Mr Stefanic: The \$117 million is over the forward estimates and for a number of measures. Videoconferencing is one of the measures within that. Did you want me to provide some detail?

Senator WATERS: No, my question was: does it include an intention to continue virtual parliament on after next year?

Mr Stefanic: It intends to provide for the technology and improve technology into the next year, including an expansion of the technology into all the committee rooms.

The President: And I think it's fair to say, to go to your question earlier, Senator Waters, DPS's role is to provide the facility if the chambers choose to utilise it and how they choose to utilise it. So the facility will be there.

Senator WATERS: I see.

The President: The intention or the decision to use it remains—

Senator WATERS: Is up to parliament.

The President: Yes.

Senator WATERS: Alright. I regret, now, waiting for such a long time to ask that question. Thank you very much for your time. I'm afraid I have another committee to go to. I was interested in your comments about connectivity in the chamber, so perhaps you wouldn't mind providing that on notice, whoever the relevant person is for that. But I now have to go to a different committee.

The President: We can talk about that in your absence as well—I'm sure someone else will ask.

Senator WATERS: Thanks anyway.

CHAIR: Thank you for your patience, Senator Waters.

Senator PATRICK: I want to go to DPS tender 15050, which is an electronic security systems upgrade contract. I don't know who can help in relation to that or who I should direct questions to.

Mr Stefanic: Ask your questions, and we'll—

Senator PATRICK: Okay. My understanding is that the department embarked on a security upgrade as a result of a 2014 security upgrade implementation plan being brought into effect. The tender took place, and it was awarded to BAE, and a contract was initially let for just slightly over \$22 million. You're familiar with that project?

Mr Stefanic: Yes, I am.

Senator PATRICK: Shortly thereafter, Senator Wong and former Senator Xenophon asked some questions about an increase in the size of the contract; it went from \$22 million to \$31 million in the space of a very short time. Their concern was—and it was a legitimate concern—that, if you go into a tender process and you receive a tender response, you really shouldn't get a scope change unless someone's done the wrong thing in a tender. What's the current value of that contract?

Mr Stefanic: I might be able to get the chief finance officer to get some detail on the current value. What I can tell you, while we wait for Mr O'Brien—

Senator PATRICK: AusTender suggests it might be \$60 million now. A project of \$22 million has somehow blown out to \$60 million. That's something even Defence couldn't do. I'm just wondering how this has happened.

Mr Stefanic: There were a number of components that led to the increase in scope. One of those was effectively a doubling of the amount of doors that were being enabled with access control, which, I believe, was the single most costly increase in that scope—

Senator PATRICK: Just help me out: this is an increase of \$40 million. I could add up the number of doors in this place and it couldn't possibly explain that \$40 million increase. Sorry, I interrupted; I'll let you continue.

Mr Stefanic: I guess I'm really cautious about how much detail I get into.

Senator PATRICK: Well, this is oversight. You can understand a concern that a project that is let for \$22 million—the fact that the number of doors doubled tells me someone made a really big mistake in the tendering process. You fire off tenders and people respond to them. It looks like what has happened here is that BAE has won the contract and then done what is a standard tactic in industry, which is to creep the scope. My concern here is: you've conducted a tender; you've had people respond to that tender honestly and fairly, offering a solution; and BAE win the contract and then do what is a standard tactic—they simply string the project out, getting contract amendment after contract amendment. That's really problematic from a due process perspective.

The President: One of the reasons for the extension—I can't speak to the number or the impact of it—is: part of this relates to the EAC system in the building in 2017. We had only just signed it off, and the objective originally was to have it all signed off and approved by the end of 2017. There were, in my view, entirely legitimate concerns about privilege and the control of data that delayed that. That undoubtedly would represent some cost, because I was very conscious of that when we did it. I think they were legitimate concerns, at which point I represented the Senate in ensuring they were addressed. We only finalised that the last couple of months after a couple of years of work.

Senator PATRICK: But this has gone to three times the cost. In actual fact, it appears that what has happened here is that you've gone to tender for a \$22 million contract and then simply gone with limited tenders or just sole-source tendering thereafter to the value of \$40 million—twice the value of the original contract. How do we know that taxpayers are getting good value for money? I presume these are simply just extensions of a contract? This is a gravy train.

Mr Stefanic: I wouldn't call it a gravy train. During the planning of the security upgrade project, there was a task force that was chaired by the Presiding Officers that had on it representatives from the security and intelligence agencies as well as DPS, and our capital projects representatives. This is a vast building, and it is complex, and—

Senator PATRICK: But that is known at the point of tender. Don't pretend that these are not facts that were known when you tendered.

Mr Stefanic: Some of them came to light after the tender; that was the issue.

Senator PATRICK: But we have ended up with \$40 million of extra things that you hadn't considered. This is like buying a boat and then realising you've got to buy a Landcruiser and a trailer. It looks like you haven't done your due diligence.

Mr Stefanic: I don't think that is the case at all. When the tender was conducted there was provision in there, because there were unknown components of what needed to be delivered.

Senator PATRICK: So the tender included a big black hole that people could fill in over time?

Mr Stefanic: Every contract has scope for variations.

Senator PATRICK: I understand that every contract has contract amendments; that's clear. But no-one expects a contract amendment to ultimately blow out from \$20 million to \$60 million. That is gravy train stuff. Can you please provide to the committee the scope of work at the start of the project and how we have gone from \$20 million to \$60 million? How does that affect your budgeting in terms of forward planning? You've clearly consumed \$40 million more—which could have been used for other things—in the blowout in this contract. How does the planning work for that? Do you just expect the parliament to appropriate more money?

Mr Stefanic: No. The whole project was managed within the appropriation received by DPS.

Senator PATRICK: Can you talk to me about the appropriation—how you got to a contract for \$20 million? You're telling me that at that point in time you had budget approval for \$60 million? I understand this thing that governments do where they say, 'No, no, it's within the approved budget', because they've crept and crept and crept, but this is Potemkin village stuff.

Mr Stefanic: I know it doesn't assist you, but a lot of those decisions were made prior to my tenure, so I genuinely—

Senator PATRICK: No, you've been here for five years—you said that before—and you were the person answering the questions of Senator Wong and former Senator Xenophon.

Mr Stefanic: I was. As I mentioned to you, there was a task force that was assembled in the early stages. You have to remember that DPS's role was to deliver a project. The scope of it and the requirements were on the advice of the security intelligence agencies through the task force.

Senator PATRICK: Can you please provide on notice: what your original appropriation sought was; what the tender value from the winning tenderer was; every approval you sought thereafter and the scope change associated with that; and any reasons as to why at some point in time you didn't recognise that, with such a significant expenditure, maybe it was time to go and look at competing rather than just simply handing out money to one contractor? I might point out that BAE has \$6 billion of turnover but has not paid a cent in tax—not exactly a good corporate entity. Sometimes I wonder how people think about companies' tax records when they award these things. Can you please, on notice, provide the committee with a full audit trail of each decision made in terms of appropriation requests and contract amendments?

Mr Stefanic: I'll take that on notice.

Senator PATRICK: Thank you very much.

Senator SCARR: I want to change tack a little. I was really impressed with the opening statement in relation to the redeployment of staff from DPS to Services Australia. I think the figure was 55. I think I took that down correctly. Mr Stefanic, can you provide us with more background on how that occurred practically? From my perspective, that members of staff were prepared to be redeployed to meet the crisis that we face goes to a very healthy culture in the department. Can you give us more details as to how that occurred practically and what feedback you've received from staff members who had the opportunity to be redeployed?

Mr Stefanic: I'll start and then I'll let Ms Saunders, who led that process, colour in the lines. Essentially when a decision was made to close the building to the public our public-facing staff—for example, our visitor services staff, which is how we refer to our guides—all of a sudden weren't able to perform a key part of their role. With the closure as well a part of the security function—for example, the public-facing function of processing people through the main entrance—wasn't required, so there were staff available there. They were the two predominant groups that had availability. Around that time the Australian Public Service Commission indicated interest in agencies putting forward lists of staff who may be available for secondment to Services Australia. We immediately turned to look at our available workforce to see how we could manage that. I might at this point throw to Ms Saunders, who might be able to provide some extra detail.

Ms Saunders: We were working closely with the whole-of-government group that was set up to work on things and collaborate on issues that had come to bear, like having a need for surge capacity across government as well as some areas having staff—whilst everyone is essential—not in roles that were considered as critical at the time. DPS was able to put forward around 100 staff. Of those, 55 were redeployed to Services Australia at very short notice. It was a fantastic reflection of the culture of DPS. Staff embraced the new challenges. We had extraordinary examples of people working in roles completely unrelated to the role they were performing—

Senator SCARR: Just to draw this to life, what would be an example of someone going from a role in DPS to a totally different role at Services Australia?

Ms Saunders: We had staff from our security functions. Security officers, who had never processed claims before and had never worked in administrative government functions, were processing claims on behalf of Services Australia. They were also extraordinarily successful. After a brief training period, and they were able to learn that new capability very quickly, they became one of the leading groups of processors—not that there was any competition.

Senator SCARR: The security guards?

Ms Saunders: Yes, the whole group. They were actually processing up to 200 claims a day. It was fantastic for the staff as well as across the community.

Senator SCARR: They process politicians, so it must be easier to process claims. You don't need to answer that.

Ms Saunders: The staff felt that they were also making an extraordinary contribution to the community. They now have this skill and broader experience, which we're working to continue to utilise. And one last important thing is that the claims were processed here. We worked very closely with Services Australia to establish a satellite processing centre that actually operated out of our spare function rooms that were no longer needed at that time.

Senator SCARR: I think that's terrific. I agree with Ms Saunders. I think it goes to the culture of DPS, and it's a very positive reflection. My last area of questioning is in relation to these horrendous pipes that were uncovered as part of the capital works. Mr Stefanic, does this situation lead to questions about the quality of other drainage piping around the building and not just the piping related to the kitchen areas in particular? If there is this issue with the piping associated with the kitchens, does it lead to a question as to whether or not there is a need to do some reconnaissance on the standard of other piping through the whole complex?

Mr Stefanic: It's a very incisive question. That is absolutely a concern. As we've been refurbishing these kitchens, we found what we would call 'latent conditions'—things like blocked pipes. In the case of the Queen's Terrace Cafe, there wasn't actually waterproofing membrane underneath, so that work had to be rectified as well. But there is a massive network of pipes in the building. Iron was used quite heavily, particularly for drainage and for water processing. Obviously, we know that iron is subject to corrosion, and it depends on what people were tossing down the drain. For example, harsh cleaning chemicals have a corrosive effect. There is a project underway now to scope out the next stage of looking at that network of plumbing which may result in a new policy proposal at some point to replace more sections of it.

Senator SCARR: Thank you.

Senator KITCHING: Ms Saunders, I have just one question. How would you describe the culture in the security branch since the appointment of the current Director of Security Operations?

Ms Saunders: I think it's positive. I have an example. I have an email that I received from the security operations room team leader on 24 September, which I would be happy to table. I have his permission. It really goes to the heart of your question. He said: 'This year alone the feedback I have received from my team in regard to the director's work ethic and support for the PSOR has been exceptional. I've noticed within my team the morale has lifted. Brodon always makes himself available to all staff. As a manager he's enabled me with the tools and infrastructure to effectively run an operations room to best suit the needs of the house'—it goes on. I'm happy to table that.

Senator KITCHING: Thank you, Chair. We might table some other documents that probably don't have the same glowing attribution that Ms Saunders has just made. But, also, we have the inquiry, so we'll go there as well. Thank you.

CHAIR: Thanks, Senator Kitching. The committee can consider that request to table when you provide those documents. That concludes the examination of the parliamentary departments. I thank you very much for your attendance and your evidence here this morning, including you, Mr President.

Proceedings suspended from 12:09 to 12:13

PRIME MINISTER AND CABINET PORTFOLIO**In Attendance**

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

Department of the Prime Minister and Cabinet – National Bushfire Recovery Agency

Mr Andrew Colvin, National Coordinator

Major General Andrew Hocking, Deputy Coordinator

Ms Rina Bruinsma, Deputy Coordinator

Dr Ilse Kiessling, Assistant Secretary Policy Branch

Ms Tiff Karlsson, Assistant Secretary Strategy and Business Management Branch

Department of the Prime Minister and Cabinet – Office for Women

Ms Alison Frame, Deputy Secretary Social Policy

Ms Catherine Hawkins, First Assistant Secretary, Office for Women

Ms Elizabeth Brayshaw, Assistant Secretary, Women's Safety and International Engagement

Mr Durham Bennett, Acting Assistant Secretary, Office for Women

Ms Margaret Thomas, Acting Assistant Secretary, Women's Economic Security, Programs and Leadership

Workplace Gender Equality Agency

Ms Libby Lyons, Agency Head

Ms Anne Beath, Operations Executive Manager

Dr Janin Bredehoeft, Research and Analytics Executive Manager

National Drought and North Queensland Flood Response and Recovery Agency

The Hon. Shane Stone AC, QC, Coordinator-General

Mr Nico Padovan PSM, Chief Operating Officer

Ms Katrina Tonkin, Acting Chief Financial Officer

Ms Kate Woodbridge, Executive Director

Mr Paul McNamara, Executive Director

Ms Hannah Wandel, Acting Executive Director

Australian Public Service Commission

Mr Peter Woolcott AO, Australian Public Service Commissioner

Ms Mary Wiley-Smith, Deputy Australian Public Service Commissioner

Mr Patrick Hetherington, First Assistant Commissioner

Ms Callie Zorzi, Assistant Commissioner, Integrity, Performance and Employment Policy

Mr Marco Spaccavento, Assistant Commissioner, Workplace Relations

Ms Catherine Seaberg, Assistant Commissioner, Inclusion

Ms Terri Dreyer, Assistant Commissioner, Projects

Ms Katrina Purcell, Assistant Commissioner, Strategic Policy and Research
Ms Jacquie Walton, Assistant Commissioner, Enabling and Digital Services
Mr Helen Bull, Assistant Commissioner, APS Workforce Strategy Taskforce
Mr Martyn Hagan, Assistant Commissioner, Executive Remuneration and Statutory Offices

Ms Liz Quinn, Assistant Commissioner, Leadership and Capability

Office of the Official Secretary to the Governor-General

Mr Paul Singer, Official Secretary to the Governor-General

Ms Jo Tarnawsky, Deputy Official Secretary to the Governor-General

Office of National Intelligence

Mr Nick Warner, Director-General National Intelligence

Ms Sue Littlehales, Chief Operating Officer

Dr Paul Taloni, Deputy Director-General

Australian National Audit Office

Mr Grant Hehir, Auditor-General for Australia

Ms Rona Mellor, Deputy Auditor-General

Ms Lisa Rauter, Group Executive Director

Dr Tom Ioannou, Group Executive Director

Ms Deborah Rollings, Senior Executive Director

Mr Michael White, Senior Executive Director

Mr Brian Boyd, Executive Director

National Bushfire Recovery Agency

[12:14]

CHAIR: I welcome Senator Seselja, Assistant Minister for Finance, Charities and Electoral Matters, representing the Prime Minister, and Mr Andrew Colvin, National Coordinator of the National Bushfire Recovery Agency, and your other officers. Senator Seselja, do you wish to make an opening statement?

Senator Seselja: No, I don't.

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

Mr Colvin: Thank you for the opportunity to make a brief opening statement and for your ongoing interest in our work. On behalf of all members of the NBRA, let me pay my respects to the families and friends of the 33 people who tragically lost their lives in the 2019-20 bushfire season and the thousands of people who lost homes, property, livestock and possessions or who may have suffered the residual effects of smoke or simply the grief and trauma that comes with such a large fire event. We are keenly aware that the first anniversaries of the tragic loss are upon bushfire-affected communities at the moment and anxieties are rising as the 2020-21 bushfire season progresses.

For those struggling, help is available. The health and wellbeing of these communities continues to be one of the greatest concerns. One of the most damaging impacts of last year's

summer of fires is seen by so few but is debilitating for so many, and help is of course available. But, equally, I and the NBRA team continue to be inspired by the willingness of ordinary Australians who have gone through so much to step forward and talk to us about their health and wellbeing concerns. The fact that we can talk about it means that we can identify it and address it. From what I have observed, the Australian community has come a long way in terms of recognising and speaking up about mental health in particular.

Recovery is happening. It happens at different paces and in different ways, but it is happening. When the NBRA was established, the government announced an initial allocation of \$2 billion for us to do our work. That was in addition to the support in both funding and on-the-ground support that the Commonwealth was already committed to. To 31 August, \$1.2 billion has been spent from the National Bushfire Recovery Fund. I know that the government has allocated more than the initial \$2 billion, and I expect that these figures will continue to rise. When combined with Commonwealth funding through disaster recovery payments, allowances and other DRFA commitments, around \$1.8 billion from the Commonwealth is already on the ground working to support the communities.

But I do have a note of caution that recovery takes time. We are just over 12 months from the beginning of the fires and only eight months past the end. The journey is a very long one. As the NBRA, led by the communities, is pivoting from relief to recovery, we have held true to the principles I outlined when we began this journey. We are locally informed. We listen and adapt and then we listen again. We are focused on ease of access to support. We have in the front of our minds the long-term benefit for communities, and we are working closely with our stakeholders and partners.

As part of this pivot to longer-term recovery there is a lot of effort at the moment on local economic recovery. But, while economic recovery is crucial, we should not see recovery as being narrowly defined. We're focused across all lines of recovery: economic, social, environmental and infrastructure. The Commonwealth government has made significant investments across these lines of recovery, and we continue to monitor their implementation closely. Our partnerships with state and local government are crucial to this success. We cannot lose sight of the reality that recovery is so much more than the immediate relief efforts that have dominated the conversation to date. It is about what will make the community stronger and more resilient and will benefit them over a much longer period. There is ample academic evidence to tell us this, but it has been our own observations that reinforce that we must take a long-term view. Individuals and communities travel very different paths to recovery. There is no one size fits all. But a common refrain we hear is to ask that we make sure that support is available long after general interest may have subsided.

That is why we have taken the time to listen, to adapt and then to listen again. In the NBRA we have an individual or community-centric approach to our work. We listen to what is working and what isn't. If we can shape and influence change then we will do that. It's important to us that our efforts are not just about the formal Commonwealth role. Where we can help victims through measures available across other government programs, through non-government partners, through philanthropic efforts and through local community connections, then that is what we will do. One of our largest efforts has been as the collaborator and connector of efforts in support of individuals and communities. While we all can agree that 2020 has been a difficult year and that COVID-19 has, rightly, consumed a lot of our

attention, I trust that this is an opportunity to remind everyone of the devastating bushfires that impacted so many last summer. Thank you.

Senator WATT: Thanks, Mr Colvin, and all of your team. I know you're all working hard and, as you say, there are lots of people who are still dealing with recovery. It's a difficult process for people. So, thanks for what you and your team are doing and thanks again for the ongoing briefings you've been providing to the opposition.

Mr Colvin: Thanks, Senator.

Senator WATT: To start with some general questions about spending, are you able to give us an update on the overall amount of money that's now been spent, as opposed to committed, from the National Bushfire Recovery Fund?

Mr Colvin: I can, and I'll ask my colleague Rina Bruinsma to support me here with more detail. There are 30 separate initiatives being delivered via the National Bushfire Recovery Fund. Almost half of that fund relates to demand-driven programs, so that support is available for those people who need it. From the fund, \$1.2 billion has been spent to 31 August 2020, and that's the date we're reporting to at the moment. This money has been spent by both the Commonwealth and the state and territory governments. The Commonwealth will then reimburse the states for help they deliver on our behalf. The government has used other existing disaster support, including disaster recovery payments and allowances, to provide an additional \$640 million to bushfire affected communities, which takes us to the figure I said before: \$1.8 billion from Australian taxpayers is being used in the communities at the moment, and \$1.2 billion of that is from the fund.

Senator WATT: So you say that as of 31 August \$1.2 billion from the \$2 billion fund has been spent.

Mr Colvin: Correct.

Senator WATT: Why is it then that, if we look at the budget papers for your agency, we see that for the 2019-20 year only \$867.5 million has been spent?

Mr Colvin: I'll defer to my deputy, but I would imagine that difference would be a date-of-reporting difference. That would be the financial year to 30 June, and we're reporting figures to 31 August.

Ms Bruinsma: It may also reflect the fact that some of the programs that we deliver we deliver through the Disaster Recovery Funding Arrangements and within those arrangements the states and territories have about 12 months after they've incurred and paid for an expense to actually seek reimbursement from the Commonwealth. That's a longstanding program where the NBRA will actually make a commitment and payment to the states, and it can take between 12 and 24 months for the states to actually seek a reimbursement, so you'll see that flow through even though the states have spent the money.

Senator WATT: I wondered if this may be part of the issue. I recognise we're talking about slightly different reporting dates—30 June as opposed to 31 August—and there may be a bit of a discrepancy there. But it's the case that you say \$1.2 billion has been spent, and the budget papers tell us it's only \$867.5 million, which is a difference of about \$340 million. A substantial chunk of that is money you expect to reimburse to the states, whether it be for debris clean-up or other activities, but that has not yet been paid to the states.

Ms Bruinsma: Yes. The way we describe 'spent' on our website is we don't necessarily differentiate if it's the Commonwealth or the states that have spent the money. At 31 August, \$717.6 million was spent directly from the Commonwealth, and then a further \$471.8 million we know has been spent by the states, but we're going through that reconciliation process.

Senator WATT: Can you give me those figures again? As of 31 August, how much has been paid?

Ms Bruinsma: There's been \$717.6 million in direct expenditure, and \$471.8 million has been spent by the states and is subject to reimbursement, and that's where we get the \$1.2 billion spent.

Senator WATT: Isn't it a bit dishonest to say that the fund has spent \$1.2 billion when actually it's only spent \$717.6 million? I accept that you will be spending more, but shouldn't we just be upfront with people and say what's actually been spent?

Mr Colvin: I disagree. I think what the communities and individuals are interested in is the money that they have been provided or the organisations that have been given the money. In my travels I'm yet to have someone ask me what the accounting treatment is behind the money that's in their account. They're interested that the money has been given to them. I understand what you're saying, but that is an accrual or a reconciliation that will occur between Treasury departments. Money has made it to the pockets of individuals on the basis of commitments made by the Commonwealth and measures agreed by the Commonwealth.

Senator WATT: Okay, so you say \$1.2 billion has been spent from the \$2 billion fund.

Mr Colvin: Correct.

Senator WATT: But as of 31 August, if we're looking at what the Commonwealth has actually paid out, it's \$717 million.

Ms Bruinsma: Yes, if you look at our website, we do say very clearly that when we say 'spent', it's either spent directly by the Commonwealth or it's spent by the states—

Mr Colvin: On our behalf.

Ms Bruinsma: on our behalf. As the coordinator was saying, when we're communicating to a mass audience, they're not interested necessarily in which level of government has spent the money. It has actually been spent or, for the \$471.8, it's going through the reimbursement process.

Senator WATT: I, like you, have met many bushfire victims in different regions of the country, and my experience is that people do want to be given accurate information and not misled as to what has happened or what's coming. The fact is that we have a \$2 billion fund and your website says you've spent \$1.2 billion, but, in fact, as of 31 August, the Commonwealth had spent \$717 million.

Ms Bruinsma: The website does say the definition of 'spent' is spent either by the Commonwealth or the states, so it is clear on our website.

Senator WATT: Sure, but if we're looking at what the Commonwealth has spent, it's \$717 million.

Ms Bruinsma: Yes.

Senator WATT: Right.

Mr Colvin: I don't agree with your characterisation that we've been misleading in that. In all the travels that I've had in communities, it's not a question they ask me. They want to know that the commitments that the Commonwealth has made are flowing, and I can guarantee that they are.

Senator WATT: Okay. I'm certainly very interested in making sure that claims that are made by the federal government, or its agencies, are accurate and are not misleading people.

Mr Colvin: I understand.

Senator WATT: I think it's fair to say that this government has a reputation for overclaiming and then, when you look at the fine print, not quite so much has been delivered. What we now know is that, in fact, the Commonwealth has actually spent \$717 million from its fund, rather than \$1.2 billion, with the rest yet to come.

Senator Seselja: It's not yet to come, Senator Watt.

Senator WATT: It hasn't been paid by the Commonwealth, has it?

Senator Seselja: You're now mischaracterising it completely, although it's been explained to you. The money has been delivered.

Senator WATT: By the states.

Senator Seselja: In some cases it's been delivered by the states and in some cases directly by the Commonwealth. Either way, it's effectively a drawdown on those funds that have been allocated by the Commonwealth.

Senator WATT: Okay.

Senator Seselja: You're quibbling out over accounting treatments, as to whether it goes from the states and is then reimbursed or it goes out directly from the Commonwealth.

Senator WATT: No, what I'm doing is holding your government to account for the claims that it makes. I know you don't like that, but that's what estimates is for.

Senator Seselja: The money is being delivered. That's how much money has been delivered, and it's been explained—

Senator WATT: Okay—put it another way: has the Commonwealth spent the \$471.8 million that the states have spent? Has the Commonwealth spent that money?

Ms Bruinsma: No, we say the states have spent that money.

Senator WATT: So the states have spent that money—not the Commonwealth.

Ms Bruinsma: Yes, but—

Senator WATT: The Commonwealth will spend it. So I don't understand why you wouldn't be straight with people and say, 'We've spent \$717.6 million,' rather than inflating the figure to \$1.2 billion when 'we'—being the Commonwealth—haven't spent that money. It matters to be honest with people.

Senator Seselja: It's not inflating the figure.

Senator WATT: It is; it's inflating it by \$471.8 million.

Senator Seselja: We can get Mr Colvin or other officials to explain it to you again, but it's clearly not.

Senator WATT: I don't need it to be explained; it's crystal clear to me.

Senator Seselja: Well, you seem to not understand it.

Senator WATT: No, I absolutely understand it and I'm sorry that you're being caught out. The website says—

Senator Seselja: The officials have been crystal clear as to exactly how they've characterised it every step along the way and you've tried to claim that they're doing something that's misleading. They have, rightly, rejected that. They have made it very, very clear how this money is being delivered.

Senator WATT: The quote from the National Bushfire Recovery Agency's website is:

We've spent **\$1.2 billion** from the NBRF so far.

'We' is the agency; it's the Commonwealth, it's not the states.

Ms Bruinsma: There's a second sentence after that on the website that says:

This money has either already been spent or is being reimbursed to State and Territory Governments for help they deliver on our behalf.

Senator WATT: Again, why wouldn't you just be honest with people and say, 'We've spent \$717.6 million'? Why has it got to be inflated to a better, higher figure? Is that to make the government look good, Minister?

Senator Seselja: You have just had Ms Bruinsma explain it to you. You have taken one part of a quote to try to claim that it's misleading. When you read the second line of it, it says exactly what's going on, and then you're trying to make out that that is somehow being misleading. I'm sorry, it's an embarrassing effort to try to make something of the fact—

Senator WATT: What's embarrassing—

Senator Seselja: We delivered \$1.2 billion. Some of it has been done through the states. That's been explained to you now in chapter and verse, and it is also on the website, and you decide to selectively quote that in order to try to make a case.

Senator WATT: I would say that what's embarrassing is this government's habit of claiming things and having big figures out there that they actually don't deliver, and we have another example of it here involving bushfire recovery funding.

Senator Seselja: No, we don't.

Senator WATT: Could there be a more dishonest version—

CHAIR: Sorry to jump in, but I have a follow-up question. Mr Colvin, in your experience in dealing with survivors of the bushfire, did they care terribly much whether they received a cheque via the state government or the federal government? Is that something that concerns them greatly?

Mr Colvin: In my extensive travels and discussions, there's never been a question asking me. They want to ensure, where we have said that we will deliver grants—for small business grants for primary producers—that they are being delivered, and they are.

CHAIR: So, are machinery-of-government delivery mechanisms the top issue they raise with you when you're visiting them?

Mr Colvin: No.

CHAIR: Funny about that.

Senator WATT: In my experience they do care, though, that this government has repeatedly made claims around recovery that have not been delivered. We have talked about this. You have received complaints from bushfire victims that they're not getting the support that they were promised?

Mr Colvin: No, I wouldn't characterise it that way. I have received a number of representations from community members on how they access certain grants and are they eligible for grants, but that's a very different proposition to what you're putting to us now. My job is to make sure that the measures the government has endorsed are being implemented. Where the Commonwealth has said it will make funds available, that those funds are being made available. I don't believe we have been misleading in saying we have done that.

Senator WATT: Can we go through, line-by-line, the different programs that have been funded from the fund and get an up-to-date figure on what's actually being spent? And I'm probably only interested, for the current purposes, in payments from the fund. I heard what you said—that there's a range of other disaster recovery payments outside the fund, but let's just focus on the fund. I got the update that you provided on your website, as of 21 August.

Ms Bruinsma: Yes, I can go through this. There's 30 measures, so we'll walk through them. The first one—and I'll go through it in the order that it appears on our website—is the disaster recovery funding arrangements, including debris clean-up. That one at the moment we're tracking at \$445.9 million. We make it clear in our Senate Estimates questions on notice that that is actually one of the ones that is subject to reimbursement to the states.

Senator WATT: So what your website says is 'allocated \$445.9'. That doesn't mean that you have spent that amount, because you're waiting on the states to bill you?

Ms Bruinsma: Yes. The states have completed the debris clean-up program, so the states are in the process of invoicing us. The money has been spent on the debris clean-up program. We're yet to receive the invoice.

Senator WATT: Do you have a figure for us as to how much the Commonwealth has paid to the states under this program?

Ms Bruinsma: No. With the DRFA arrangements, the states need to provide an audited claim. So, we will get an audited claim in the financial year after the expenditure occurs. Usually, the payment goes out about 24 months after, but the states have actually paid out the money and completed the program. The Department of Finance tracks the expenditure so that it's clear that that's where the money is coming from.

Senator WATT: So it could actually be up to 24 months before the Commonwealth pays the states these amounts?

Ms Bruinsma: Under the disaster recovery funding arrangements, that's a very long-standing arrangement, because the states—as the coordinator said, it's a treasury-to-treasury payment—reimbursement.

Mr Colvin: I might add that we have asked the states to move quicker than that. We have actually asked the states for what prepayments can be made in anticipation, but the arrangements have a two-year window.

Senator WATT: I understand it might take a couple of years before all the money is paid, but you must have a reasonably reasoned figure as to how much is actually being paid?

Ms Bruinsma: We invite the states and encourage the states to ask for advance payments. So, in some cases, if the states feel that it's going to be difficult for them to pay out the money, they can seek an advance payment from the Commonwealth. They have sought some advance payments from us. I don't have the figures with me about what the advance payments are but we can take that on notice.

Senator WATT: Can you come back to us on notice and tell us how much has actually been paid by the Commonwealth, whether it be advance payments or after-the-event payments?

Ms Bruinsma: Yes.

Senator WATT: And I should have checked—the figures that you're giving us now for each of the subprograms, they're current—

Ms Bruinsma: To 31 August.

Senator WATT: So they're actually the figures that are on the web. You don't have anything more current than what's on the website?

Ms Bruinsma: No, that's right. We do a monthly reporting and reconciliation process. So 31 August is the most up-to-date figure.

Senator WATT: In that case it may not be necessary for me to get you to go through it line by line, because I've got that. So that I can check I have the right figures—just to give you a couple of examples: \$62 million for immediate bushfire assistance to local governments. The website says \$62 million allocated and \$62 million spent. That's correct?

Ms Bruinsma: Yes.

Senator WATT: For mental health of Australians affected by bushfires: allocated \$53.4 million and spent \$20.6 million.

Ms Bruinsma: Yes, that's correct.

Senator WATT: Okay. I won't bother going through them all because those are the current figures. Are you able to give us an update on the number of people who have been approved for the disaster recovery payment and the total cost of that? And I might get similar figures for the Disaster Recovery Allowance too, please.

Mr Colvin: In relation to the Disaster Recovery Allowance, applications closed across all states on 12 August, with respect to the 2019-20 bushfire event. A total of 3,058 Disaster Recovery Allowances were granted. For disaster recovery payments, applications closed across all states, other than Queensland, on 4 August, with respect to the fire event 2019-20. They'll close in Queensland in February next year. I have a dollar figure. I don't have the number of actual payments. It was \$236,862,700 that was paid out.

Senator WATT: Do you have figures as to the number of people who have been rejected?

Mr Colvin: For the DRP, we—when I say we I mean the Commonwealth, because this was obviously a Services Australia program—received 228,361 claims. There were 206,202 claims granted. That's for DRP. For the allowance, the DRA, 4,964 were received and 3,058 were granted.

Senator WATT: I might get you to table any of those figures, if that's possible? Every afterwards is okay.

Mr Colvin: Yes, okay.

Senator WATT: Can I just focus in on one of the programs being funded from the Bushfire Recovery Fund. This is the \$448.5 million Local Economic Recovery and Complementary Projects Fund.

Mr Colvin: Yes.

Senator WATT: Am I right in thinking that that funding is basically to support local economic recovery in bushfire-affected regions?

Mr Colvin: In a general sense, yes, that's correct.

Senator WATT: The most recent figure we have on that one is that \$448.5 million was allocated. How much has actually been spent?

Mr Colvin: \$448 million was allocated, \$350 million of which was for direct local economic recover with states, \$98 million was for what we are calling complementary projects, to look at what gaps we think might be emerging as we go along. That program came into effect on 1 July and we do have updated figures from what you will have seen on the website. I'm going to ask Major General Hocking to answer that.

Major Gen. Hocking: Regarding the latest figures, in answer to your question, on 1 July, as the coordinator said, the money became available. The first project was approved on 15 July. With effect today, there have been 86 projects approved for Commonwealth co-funding, to a total of \$108.6 million of Commonwealth money, which, percentage-wise against the \$350 million for the local economic recovery fund, is about 31 per cent, which is about what we'd expect at this time of recovery.

Senator WATT: How much of that approved funding has actually been spent?

Major Gen. Hocking: I don't have that figure, Senator. That is for all the states. There's a range of projects, both big and small, that have been approved for co-funding. Some of those projects were shovel-ready projects; others have a longer time to develop and implement.

Mr Colvin: Each state has a slightly different approach to this, as you would imagine, but, to your point of money actually spent, some of these projects will extend over many years, and that will all be subject to contract and negotiation with builders and suppliers. So it's not a matter of the Commonwealth paying all the money in one hit up-front. That will be negotiated with the states and whoever is providing the service.

Senator WATT: Would you be able to table the projects that have been approved for funding? I don't think that has been released previously, has it?

Mr Colvin: They haven't been announced at this stage. As soon as they're announced—

Senator WATT: We know how important an announcement is. We can't get in the way of announcement, can we, Minister?

Senator Seselja: Announcements are important.

Senator WATT: Very important.

Mr Colvin: I might say that announcements are important. That's the agreement we have with the states—that we'll be announcing them with the states when the states are ready to announce, because they are delivering much of the program.

Senator WATT: Of the projects that have been approved for funding, remind me how many have been announced to date?

Major Gen. Hocking: I think it's—

Mr Colvin: The one in South Australia?

Senator WATT: The desalination plant.

Mr Colvin: The desalination plant on Kangaroo Island.

Major Gen. Hocking: Twelve projects have been announced to date.

Senator WATT: With more to come?

Major Gen. Hocking: Correct.

Senator WATT: The most recent figures we have for the local economic recovery funds are that \$448.5 million has been allocated and \$9.9 million has been spent.

Mr Colvin: Allocated over the future estimates, and \$9.9 million has been spent and has publicly been announced to this point.

Senator WATT: So far, only two per cent of the funds for local recovery have actually been spent?

Mr Colvin: I think the major general just outlined that 31 per cent has—

Senator WATT: They have been approved, but I'm focused on what's been spent. At this point, only two per cent of the \$448.5 million for local economic recovery has actually been spent?

Mr Colvin: Has actually been announced. The profile of how it will be spent will depend on the contracts that the states enter into with the service providers.

Senator WATT: I'm going from your website. Your website says, 'Allocated: \$448.5 million. Spent: \$9.9 million.'

Mr Colvin: I'm just reflecting that you have a different view of how we're defining 'spent', but that is the way that we allocate it.

Senator WATT: It's your website; they're your words.

Mr Colvin: Yes, and we have explained what we mean by that. The answer to your question is yes.

Senator WATT: Which is that two per cent has been spent.

Mr Colvin: That we have put on our website and publicly announced. But, as Major General Hocking just said, the figure is considerably higher than that.

Senator WATT: Minister, the announcement about the local economic recovery was made on 11 May, obviously in the middle of the Eden-Monaro by-election campaign. Was it more important to just get this big announcement out than actually spend the money?

Senator Seselja: No.

Senator WATT: Then why has only two per cent been spent?

Senator Seselja: Mr Colvin has actually just given you updated figures, so I don't accept your characterisation.

Senator WATT: You say the Commonwealth has spent more than the two per cent that the agency's website says it's spent.

Senator Seselja: I can go back to Mr Colvin and he can explain to you the various parts that have been allocated.

Senator WATT: So we've got a \$2 billion fund and the Commonwealth has only really spent \$717 million, but it says it's spent \$1.2 billion—

Senator Seselja: Well, no. Do you want to go back over this and your mischaracterisation of this.

Senator WATT: Now we've got \$448.5 million for local economic recovery where we've only spent \$9.9 million—

Senator Seselja: Chair, if I can just interject because—

Senator WATT: I've got my question.

CHAIR: To be fair, I think you put a proposition that the minister's trying to respond to.

Senator Seselja: I'll interject with you, Chair. Given we've spent a fair bit of time going over this, if he's going to make false assertions—

Senator WATT: What's false?

Senator Seselja: based on information that's already been explained to him in chapter and verse, then I suspect it'll take a while, because we'll go back to officials—

Senator WATT: What's false?

Senator Seselja: I can go back, and they can explain to you again, in chapter and verse, how much of that money has been delivered. We went back and forth on this. You're now making an assertion based on your particular interpretation, which has been pretty thoroughly explained to you. But if you want to keep repeating that then we can go back each time and go through those numbers.

Senator WATT: I don't think there's anything false in anything I'm saying. We've already heard that the Commonwealth has spent \$717.6 million from its fund rather than \$1.2 billion. And now there's a local economic recovery fund worth \$448.5 million, where the website says 'Spent: \$9.9 million'—two per cent.

Senator Seselja: And you've just had Major General Hocking explain to you additional information which you appear to be ignoring.

Senator WATT: Yes. He's talking about things that have been approved—

CHAIR: Order! Senator and minister, the appropriate place to debate these matters is the chamber, not this committee. This is a place to ask questions. Can I ask you to return to your questions, Senator Watt, because I see that Senator Rice has since joined us on video and I know she has some questions for this hearing. I know coalition senators have some questions too.

Senator WATT: Okay. I might just round out questions on this particular fund, the local economic recovery fund. I understand that the eligibility criteria for the New South Wales local economic recovery program was announced on 15 October.

Mr Colvin: It was on Friday. I think that was the 15th, yes.

Senator WATT: Minister Littleproud's media release says:

Businesses and communities in bushfire impacted regions have access to a new fund for local infrastructure and initiatives that will drive economic and social recovery, strengthen morale and help communities get back on their feet through the \$250 million Bushfire Local Economic Recovery Fund, co-funded by the NSW and Australian governments.

Is that the same funding that was announced back in May?

Mr Colvin: The \$250 million is the allocation of the \$448 million to New South Wales.

Senator WATT: Yes. So that's actually not a new fund that was announced on 15 October. It's reannouncing the same funds and the amounts of them that are available for New South Wales.

Mr Colvin: It's announcing the New South Wales process to access the money that was announced in May.

Senator WATT: Okay. So the only money that's available for local economic recovery, whether it be in New South Wales or anywhere else, is the \$448.5 million that was announced back in May?

Mr Colvin: That is one of many programs that will enable local economic recovery. But on this program, they talk about the same program.

Senator WATT: Yes. So there's not a further new fund, as the minister says, that's been created for New South Wales. It's the New South Wales portion of that fund.

Mr Colvin: It's part of the \$448 million local economic recovery measure that the government announced.

Ms Bruinsma: And New South Wales has actually announced they're matching that funding as well. So the New South Wales component had to go through their government.

Senator WATT: Okay.

Mr Colvin: As the figure is larger, what the New South Wales community can access is larger than what was announced by the Commonwealth government because it's now matched by the New South Wales government.

Senator WATT: Yes. How much of that \$250 million—\$125 million each from the state and the federal government?

Mr Colvin: It's essentially on a 50-50 basis.

Senator WATT: Okay. So about \$125 million of the \$448.5 million is going to go to New South Wales.

Major Gen. Hocking: The figure for New South Wales is for the Commonwealth—\$270 million all up.

Senator WATT: I'm sorry, can you say that again.

Major Gen. Hocking: For the Commonwealth, the contribution to New South Wales is \$270 million; the state contribution will be \$270 million—totalling for New South Wales, \$540 million. Essentially, their mechanism is twofold.

Senator WATT: Before you go into that, I thought we were talking about \$250 million in total going to New South Wales.

Mr Colvin: We'll step it back because it is complicated. Four hundred and forty-eight million was announced by the government of Commonwealth funds for local economic recovery across the four affected jurisdictions, although it can extend beyond that in certain circumstances. Three hundred and fifty million of that is for these programs that we're talking about now. A complementary program of \$98 million is being held at the moment. Of that \$350 million of Commonwealth contribution, \$270 million has been allocated to New South Wales, and New South Wales has also committed \$270 million.

Senator WATT: Okay. So how does the minister get to a \$250 million local economic recovery fund in New South Wales?

Major Gen. Hocking: New South Wales is applying its program in two ways. One is the Bushfire Local Economic Recovery Fund, as you've just discussed. The remaining portion of their \$270 million in Commonwealth money is for regional type projects. That draws from their normal regional development process, but of course that has been recast with a bushfire lens, and that then picks up the priority projects in that regional process.

Senator WATT: So there is \$448.5 million in total for local economic recovery funds from the Commonwealth.

Mr Colvin: Correct.

Senator WATT: That's divided into \$350 million for programs and the balance—\$98 million or whatever it is—for other stuff.

Mr Colvin: Yes, \$98 million.

Senator WATT: Of that \$350 million, \$270 million has gone to New South Wales, matched by the New South Wales government.

Mr Colvin: Correct.

Senator WATT: And, of the total of \$540 million, \$250 million is being used for the New South Wales Bushfire Local Economic Recovery Fund?

Mr Colvin: Senator, I understand your point: your question is about the difference between \$270 million and \$250 million. I'm going to take that on notice. That's the minister's release, not my release.

Senator WATT: Yes, sure.

Mr Colvin: I'll take on notice where the difference between \$250 million and \$270 million is, but we've just explained to you what the breakdown is from our perspective.

Senator WATT: Okay. How was it determined that, of that \$350 million, \$270 million would go to New South Wales? That's obviously a very sizable proportion.

Mr Colvin: It is, and I don't think it will surprise people that New South Wales suffered the largest impacts from the fires.

Senator WATT: Yes.

Mr Colvin: This was part of a very lengthy consultation process with all of the jurisdictions based on impact, and that's where that division landed, effectively.

Senator WATT: Okay. Maybe you could come back to us on notice with any further criteria and—it's sounding like there was a percentage used—how that percentage was arrived at.

Mr Colvin: Yes, there's a range of criteria for how we measured impact across local government areas. How impact is measured is not consistent across the country.

Senator WATT: Yes.

Mr Colvin: There's a lot of science in this, but there's also an element of working with states and territories to make sure we think we've got the balance and proportionality right. I'll come back to the committee with a firmer answer if we can give you specific criteria, but I just caution that it varies across the jurisdictions quite wildly.

Senator WATT: Okay. What's the time line for the local economic recovery funding in New South Wales?

Mr Colvin: All of the local economy recovery funding is phased over the out years, so it goes out to the financial year 2022-23. We are working very hard with our partners, particularly in New South Wales, because we would like to see announcements and lock in projects that support the community as quickly as possible.

Senator WATT: So applications have now been opened?

Mr Colvin: They have been opened, yes.

Senator WATT: And when are they closing?

Major Gen. Hocking: For New South Wales—I'll just check my documentation—for their bushfire local economic recovery program, which is the \$250 million out of the \$540 million, on 27 October applications open, and then they have a thorough assessment panel from there.

Mr Colvin: We don't have a closing date. We'll take that on notice and check.

Senator WATT: Okay. When do you expect that communities can expect to receive funding rolling into their communities under this program?

Major Gen. Hocking: As I said, the New South Wales program is partially from the bushfire local economic recovery program and partially from their regional economic development process. For New South Wales, their figure at the moment is that 74 projects have been approved by the NBRA, with \$95 million in Commonwealth money, so some of those projects will start being funded and rolled out.

Senator WATT: But hang on. Applications have only just been opened, haven't they? In fact, they haven't yet been opened.

Major Gen. Hocking: Senator, there are two parts to the New South Wales process. One is Bushfire Local Economic Recovery program and the other is the regional economic development process. Bushfire related projects and the priority projects have been identified from them.

Senator WATT: So the projects that have been approved are in that second limb, the regional economic development or whatever the exact terminology is. So let's just focus on the \$250 million or \$270 million, or whatever the figure is, and the Bushfire Local Economic Recovery Fund. So that's the bit where applications are opened on 27 October.

Mr Colvin: Just on that, Senator: I'm advised they close on 11 December.

Senator WATT: Okay; they'll close on 11 December. My understanding is that the New South Wales government document, the program guidelines, talks about funding rolling out by about April next year. Does that sound right?

Major Gen. Hocking: As soon as New South Wales have prioritised the applications and made decisions on them, we are available and they would nominate those to NBRA for co-funding approval providing they meet the guidelines.

Senator WATT: Do you think it's acceptable that bushfire communities are having to wait until April next year, which is potentially 18 months after they experienced the bushfires, before they start receiving some of the money for local economic recovery that was promised back in May?

Major Gen. Hocking: As mentioned, that's just part of the local economic recovery program.

Senator WATT: It's a pretty big part—\$250 million or \$270 million; whichever it is.

Major Gen. Hocking: It is a very big part, as is the other part of the New South Wales program that comes from the regional development process. As mentioned, 74 projects have been approved for co-funding already—\$95 million of Commonwealth money. That should start rolling out very quickly.

Senator WATT: But none of them are being funded under New South Wales share of this funding that was announced in May?

Major Gen. Hocking: Yes, they are.

Senator WATT: Well, you're going to come back to me to with how these different figures line up and—

Mr Colvin: What we read out to you was how the figures line up. You were quoting to me from a media release from the minister, and I want to confirm my understanding of the \$250 million figure you used there as opposed to the \$270 million. In answer to your question, though, there are a range of programs, including the \$62 million that was provided to local government authorities, who are spending that money in the communities right now rebuilding walkways, fixing amenities and fixing facilities as they personally determine are necessary.

As I said in the opening, recovery looks different in every community and every individual. It takes time, and we're not going to rush it. We're doing it at the speed of the community to bring forward ideas. The reason we're a little bit reluctant about the question of when money will flow is that, within these projects, there'll be, for example, as I mentioned, the desalination plant. That's a large infrastructure project, and that will take time. But there are also small projects, such as building walkways and mountain bike tracks. There's a range of those. So it will be mixed.

Senator WATT: Is New South Wales the only state for which a share has been announced or an application process has begun?

Mr Colvin: No; each state is doing it slightly differently. Queensland announced an application process some time ago, which I think is already closed. They are considering applications from Queensland community groups and councils now. South Australia are doing it slightly different. They have a very different dynamic that they're dealing with. We are

hopeful that Victoria will announce their process at any moment, frankly. They're using a slightly different method again, where they're using community recovery committees to bring forward the ideas.

Senator WATT: In the interests of time, I might get you to come back on notice with how much has been allocated to each state, whether the applications have opened and closed and how many projects have been approved.

Mr Colvin: We have all that, Senator.

Senator WATT: That's probably as much as I need.

Senator AYRES: And the difference between the \$250 million and the \$270 million. You might be able to come back after lunch about that. It's a pretty narrow question, I would have thought. Just one clarification, Chair, before—

CHAIR: Sure, and then I will go to Senator Rice.

Senator AYRES: Major General Hocking, I think you said that 31 per cent had been approved but not yet announced—a figure around 31 per cent of what the expenditure was supposed to be. You're not talking about 31 per cent of the forwards, are you? So the two per cent is two per cent of the \$448 million or whatever it is. It's not 31 per cent of the \$448 million, that you're talking about, is it, it's 31 per cent of the—

Mr Colvin: No, it's \$108 million that we have approved of the \$350 million that's available at the moment.

Senator AYRES: So that's where your 31 per cent comes from?

Mr Colvin: Yes.

Senator RICE: I want to go to some details about the funding measures that are being given to the forestry sector post the bushfires. Are you able to give me some details of those funding programs?

Mr Colvin: Yes, we can. Do you want me to go through the forestry sector programs or is there a specific one?

Senator RICE: Yes. There's the \$40 million forestry recovery fund program—starting there. How many applications have you received for this program?

Mr Colvin: That's the \$40 million Forestry Recovery Development Fund Program. That was for competitive grants of between \$1 million and \$5 million for privately owned wood-processing mills that were impacted by the fires. We were particularly looking for them to adopt new technology and to diversify. The program was launched on 1 September, with the guidelines published at the time. Applications opened on 2 September and closed on 13 October. Beyond that, the Department of Agriculture, Water and the Environment are managing that, so they would be better placed to give you details of the actual applications and numbers.

Senator RICE: So you don't have the details of how many applications have been received?

Mr Colvin: No, it only just closed on 13 October so the department will be working that through at the moment.

Senator RICE: Okay. Who is the decision-maker for that program?

Mr Colvin: That's a good question—

Ms Bruinsma: That will be outlined in the guidelines. It would either be a departmental official or the minister, but it's not the agency.

Mr Colvin: No, it's not us. We'll have to check—that's a good question. I can't recall off the top of my head what the guidelines say. We'll have to come back to you on notice with that.

Senator RICE: Who developed the guidelines?

Mr Colvin: They were largely developed by the Department of Agriculture, Water and the Environment, as the experts in this field.

Senator RICE: Did the agency have a role in the guidelines at all?

Mr Colvin: Certainly, the guidelines are shared with us to make sure they're consistent with what we're seeing on the ground. Our role is to report back to government and departments about what gaps and measures we feel are there, or where community pressure points are. We're not the experts and I don't have the experts on forestry policy within the agency. We would see the guidelines to make sure they're consistent with our understanding of the need, but they're owned by the department.

Senator RICE: In determining that need, how much does the agency take into account both what's in the economic interest of the local community and the longer-term interconnection between the economic interests and environmental issues? Do you have a role in making those sorts of decisions?

Mr Colvin: We take the feedback from the community and we feed that into the department, which, obviously, has a much broader and deeper knowledge of the policy environment. Essentially, what we're doing is looking at it through the lens of the community and the representations that are made to us as a result of the bushfires.

Senator RICE: Did you get feedback from the community about the future of the native forests in the region and the need to protect those forests post fires?

Mr Colvin: I can only speak personally; I can't speak on behalf of every person who has been out to the community. Most of the representations in this field that I've had have been about jobs and the concerns of the community that people will be out of work as a result of the bushfires.

Senator RICE: Could you take on notice who did the final sign-off on the guidelines?

Mr Colvin: I think that the guidelines were negotiated with the department, and in consultation with the states and territories as well because, again, there is a range of forestry measures. Some are delivered by the Commonwealth and some are delivered in partnership with the states and territories.

Senator RICE: Okay, so it was the department that did the final sign-off but you're saying that you had input into the guidelines. Could you take on notice what input you had? Were there emails of recommendations or any comments on the guidelines that the agency put forward on the basis of your consultations—in general?

Mr Colvin: I understand.

Senator RICE: But also on the strength of your consultation with the community.

Mr Colvin: Yes, we can take that on notice—absolutely.

Senator RICE: What form did that consultation with the community take?

Mr Colvin: It's been a range of community group meetings. There have certainly been a range of representations made to both myself or the agency as well as the government from members of the community as well as privately owned processing mills. We'll take our soundings any way we can get them, but largely it is through our travels and our consultation with affected communities—for instance, small community groups that I was a part of up in Tumbarumba and the Batlow area, Snowy Valleys. But also we have received a lot of correspondence about this.

Senator RICE: How has all of that consultation and the findings of those consultations been documented?

Mr Colvin: Has it been documented?

Senator RICE: Yes.

Mr Colvin: We keep records within the agency of our engagements so that we have an up-to-date knowledge of what the community feedback is, and this is the type of material that we feed into the department, as the policy owners, when they're designing measures.

Senator RICE: Could you take on notice to get me copies of that documentation, please—the feedback from the community?

Mr Colvin: Certainly. As it relates to forestry industry, we can provide that to you.

Senator RICE: You said that there was a concern about jobs. Can you recall, from that documentation, whether there is differentiation that people make between jobs in plantation forestry and jobs in native forest forestry?

Mr Colvin: Again, from my own consultations and my own engagement, there has been a distinction between native plantations and softwood plantations—or native forestry—

Senator RICE: I'm not talking about native plantations; I'm talking about native forests, our precious native forests.

Mr Colvin: Sorry, Senator; I'll make sure the words are the right words, but you know this better than I—native forest and softwood plantations, yes.

Senator RICE: So what's been the differentiation?

Mr Colvin: It hasn't really extended to a deep differentiation other than discussion about the length of time it will take for regrowth and for the industry to recover.

Senator RICE: Has there been consideration of the fact that the vast majority of the jobs in the industry in the south-eastern New South Wales region are actually plantation based forestry jobs rather than native forest jobs? Has that distinction been made?

Mr Colvin: Again, I don't believe that that's something that has been communicated to me in such a distinct way, but it was quite obvious to me that most of the employment was as a result of softwood plantations, yes.

Senator RICE: But there's nothing in the guidelines that distinguishes between plantation forestry and native forest logging, is there?

Mr Colvin: I'd have to take that on notice. I don't have the guideline with me.

Senator RICE: Alright, and if you could take on notice what your input into the guidelines was, thank you. In relation to the \$15 million for the forestry transport assistance, is there an agreement with New South Wales about this fund?

Mr Colvin: Which one?

Senator RICE: The forestry transport assistance.

Mr Colvin: I'm pretty sure the answer to that question is actually: yes, there are agreements with New South Wales. In fact, I think the program is being delivered with matched funding from New South Wales.

Senator RICE: Is that agreement a public agreement?

Mr Colvin: I'd have to take that on notice.

Senator RICE: If it's not, could I request a copy of that agreement, please?

Mr Colvin: It's probably a question better directed at the Department of Agriculture, Water and the Environment, because we wouldn't be the decision-makers or owners of whether it's a public document or not.

Senator RICE: So, again, the department will have made the agreement rather than the agency?

Mr Colvin: Correct.

Senator RICE: And the same goes with Victoria? What's the status of the agreement with Victoria?

Mr Colvin: Victoria is also matching funds. I think that the Victorian guideline may not be complete as yet, whereas the New South Wales guideline is complete and they are receiving applications at the moment. So Victoria are still processing what their arrangement will be.

Senator RICE: What's the status of the New South Wales one, in terms of proceeding applications?

Mr Colvin: As at 13 October, I understand, they've received 25 applications. Beyond that, as with before, it's a question for the department as to the status of those applications.

Senator RICE: With the New South Wales one, have there been any funds disbursed as yet?

Mr Colvin: That would be a question better for the department, as to whether they've disbursed any funds. I'm sorry, I don't have the answer to that.

Senator RICE: I want to move onto the \$10 million for the Salvage Log Storage Fund. I want to know what the status of that is. Is there an agreement with New South Wales or Victoria? How is that fund being administered?

Mr Colvin: Senator, this is the \$10 million for timber storage facilities announced on 23 June. Again, there is [inaudible]. Matched funding is the expectation from New South Wales and Victoria. Funding is going to be delivered through a partnership with New South Wales, and Victoria. Much as with the other one, Victoria are yet to finalise their consideration of their processes for that. New South Wales have finalised and are receiving applications at the moment.

Senator RICE: Do you know when the New South Wales applications are due?

Mr Colvin: I don't have a date that the applications opened. But I know as of 13 October they'd received 17 applications.

Senator RICE: Again, maybe with the last two funds, can you tell me whether there are specific agreements that have been signed between the Commonwealth and New South Wales or Victoria?

Mr Colvin: There'd be guidelines, Senator, for how the measure and the program will be rolled out. I'd have to check with the department, who administer those guidelines.

Senator RICE: It's not the guidelines per se; it's whether there is a written agreement about the fund between New South Wales and the Commonwealth and between Victoria and the Commonwealth.

Mr Colvin: I would take that to be agreement on the guidelines, Senator. But, again, the department have been negotiating that. It's a question better directed at the department.

Senator RICE: Okay. My assessment from the Australian community is that the fate of our forests and the fact that we had three billion animals killed in the fires are things that the Australian community are very concerned about. Has that come through in your consultation with the community?

Mr Colvin: Certainly, the community has been concerned about the environmental damage, including the loss of species. That is a constant that we have heard. In terms of the fires themselves, there's a concern about forestry management and managing the fires, and that has been a very emotional point from many of the communities I have been engaged with. But beyond that, as I said before, most of the discussions and the tenor of those discussions has been about the impact on the local communities of the hit that the forestry mills and the forestry workers and logging companies are taking.

Senator RICE: But, again, most of the employment and the economic hit is in relation to plantation forests. What I want to know is—given that concern of the community about the animals that were killed and particularly that the vast majority of those animals were in our native forests—whether you as an agency differentiate as to whether you saw fit, in terms of your statements, to differentiate between supporting the plantation sector and ongoing logging of our native forests and the animals that have been hit so hard by the fires.

Mr Colvin: I'll take on notice what our feedback to the department has been, but I guess I'd just reinforce: we're not the policy owners or have the policy depth of this issue. We are communicating what we're hearing from the community.

Senator RICE: Yes. But given that you are hearing that from the community—their concerns about the forests and the animals, and concerns about the 'logging looting', the salvage logging that has begun in those forests—I'm wondering whether that's been reflected in your advice to the government.

Mr Colvin: Senator, you're putting a context on that that I'm not sure that I'm quite agreeing with. What I'm saying is that the community have been very concerned about the environmental impact, and I think that's well understood across government.

CHAIR: That takes us to our scheduled break for lunch. I know that Senator O'Sullivan has questions, and I will come to him first when we return from the break.

Proceedings suspended from 13:15 to 14:15

CHAIR: The committee will now resume its examination of the National Bushfire Recovery Agency.

Senator O'SULLIVAN: Can I ask about the local economic recovery plans? Can you explain the rationale of that program?

Mr Colvin: Absolutely. I will pass to Major General Hocking. Also, as part of the answer, we can probably clarify the question we took over the lunch break about the \$250 million as well, if that's okay.

CHAIR: Go for it.

Major Gen. Hocking: In terms of the design behind it, it was very much designed to be a program that was bottom-up in nature—what is it that communities need, what is it that regions need—and not necessarily have that decision made from an office in Canberra. It was designed so it was very broad. It wasn't just economic recovery; it was human social recovery, environmental recovery, and elements of infrastructure. Importantly, the mechanism for funding was agreed to be done under DFRA cat D with exemption, which allows for betterment and building things, not just replacing things. That was the philosophy of the design that we worked through with the states. Equally, part of the design was to ensure that Commonwealth funding was matched by state funding so that communities got the best recovery that we could collectively muster across the states and the Commonwealth. I might just talk about the figures now, if you're happy for me to do that.

Mr Colvin: Could I add one thing? The other aspect of it is that intentionally we built in the ability for the Commonwealth to look at a national perspective. We wanted to look at the programs that were coming up from the community and the states, to make sure that that balance and proportionality across communities and jurisdictions, that to the best degree possible there was consistency in the way that was being done. That was important to us.

Major Gen. Hocking: That's a really important part of it. There needs to be an appropriate number of local community projects, but equally a degree of sophistication about a regional view, where investing at the regional level could benefit many communities rather than just individual ones. It's a balance between the two.

Unpacking the funding, as you know it was announced at \$448.5 million in total Commonwealth money. \$98.5 million of that is reserved for the Complementary Projects Fund, which is really principally there in time, when gaps in recovery are identified, to fill those gaps.

The \$350 million Local Economic Recovery Fund, that's \$350 million of Commonwealth money—grosses up to \$700 million state and Commonwealth. I will break that down for you now. Noting we were talking about New South Wales, it might be best to do it through that lens. Out of the \$350 million Commonwealth apportionment for local economic recovery, \$270 million has been allocated to New South Wales. That grosses up to a total of \$540 million state and Commonwealth contribution. Breaking that \$540 million down for New South Wales, \$250 million of that is under their Bushfire Local Economic Recovery program: \$125 million Commonwealth plus \$125 million state is \$250 million. That leaves the remaining \$290 million for New South Wales, adding up to the \$540 million, for the more regional programs, which largely get derived through their regional development process, but clearly with a bushfire lens: the things that are high priority for the regions, consulted with

communities through that regional development process in order to identify what those priorities are. So, when we go back to the percentages now, we have across the nation 86 projects that have been approved for Commonwealth cofunding, and that is 108.6 million Commonwealth dollars, which is \$108.6 million of the \$350 million, which is the 31 per cent.

Senator O'SULLIVAN: Among those 86 projects, I think you mentioned desalination on Kangaroo Island earlier. What are the other types of projects?

Major Gen. Hocking: They vary—hence the design of the program. Some are big; some are small. Some examples would be in areas in north-eastern Victoria. For example, in Harrietville, there is a small bridge that connects one side of the town to the other. That came out of—

Senator O'SULLIVAN: That was a bridge that was destroyed in the fire, or was that an additional—

Major Gen. Hocking: No, it was a bridge that adds to economic development. That's the approach that we're operationalising. It was agreed by government that this is an opportunity to help communities not only to replace things that have been impacted by fire but to achieve a better community from an infrastructure perspective, a social perspective and all other perspectives.

Senator O'SULLIVAN: I'm very interested in the bottom-up approach. It seems very intuitive and sensible to do that. Was the origin of that process because of community consultation? Was that what you heard? Tell us about how that was initiated.

Major Gen. Hocking: Very early on in this recovery, we decided we were going to be a learning organisation right from the start. That led to us conducting a number of literature reviews and working with some individuals from Deloitte in the US who have been involved in Katrina and a range of other things. In simple terms, one of the key parts of the literature in recovery is that communities need to have a degree of agency about their recovery. There are many, many stories, both in Australia and overseas, that, where projects have been imposed on communities, it is in fact those projects that have caused further trauma. Either communities don't use the project and mourn over the waste of money or it just causes division in communities. So it's important to get that balance—not solely through communities, villages or towns but also from a regional perspective with community consultation.

Senator O'SULLIVAN: These projects come as a result of the interest that's on the ground and the knowledge of what's needed on the ground. What involvement can a federal MP have in putting forward projects?

Major Gen. Hocking: We're encouraging federal MPs who know their areas, as well as state MPs, local councils and community members, to really participate in that state community consultation process. I think a great example—I can't recall the exact date, but I think it was 12 August—was in a community called Batlow, where Resilience NSW and NBRA, in partnership with federal and state members and local government from that area, convened and participated in a community recovery committee. The political leaders joined the conversation and scaffolded the discussion but ultimately helped the community determine what its priorities were. Those then get raised as priorities for LER funding.

Senator O'SULLIVAN: With the program, what protections are in place to make sure that state governments are not cost-shifting through this and not taking on responsibility for themselves?

Major Gen. Hocking: A really important part of our design was to ensure that didn't occur. So we have agreed with the states a range of criteria for that local economic recovery fund, and one of the prerequisites for that is that it's new money, not cost-shifted money. That's a simple mechanism. NBRA's role, as I've just described, is not to determine what the right projects are. But when the projects are nominated up through communities and the state process, if there are other forms of suitable funding or we're seeing that it is cost shifting, then we hold the power of veto and we could say, and have said, 'We will not cofund that as the Commonwealth, NBRA in this case is the decision-maker.' Then the states would need to go it alone on that particular project.

Senator O'SULLIVAN: With regard to charities and the government providing funding through charities, again, I'm interested in understanding the rationale behind that. Why has the government provided so much funding through charities, as opposed to the government directly administering those funds?

Mr Colvin: Again, Major General Hocking chairs the charity coordination group, effectively. We have, through the NBRA, dedicated a lot of time and effort to working with the charities. It's undoubted that the charitable services received an enormous amount of outpouring of support from the general community. As part of that, there was direct funding from the Commonwealth to the charitable services, which is not unusual; it often happens in times of crisis. The reality is that they are on the ground in a way that the Commonwealth simply is not.

Senator O'SULLIVAN: It's a whole bottom-up approach.

Mr Colvin: Absolutely, and their ability to get funding to where it is needed immediately to help people clothe themselves or their children, or with basic essentials, is unparalleled in my experience. It was important that we were able to facilitate that in the early stages. Charitable services and the charitable sector, I think, have been under a lot of pressure as a result of the bushfires—we all know that. I think it stretched the frameworks and precedents that had been set for them in a way that none of us had imagined. However, we have a very good working relationship with them and they've been very responsive when we've identified needs and have been able to use the money that we've given them to address some of those needs.

Major. Gen Hocking: If I can add to that: the agency very much sees its role—and it's been tasked with leadership and coordination at the national level, not just leadership of Commonwealth resources, but leadership and coordination of the nation's resources. Whilst the Commonwealth government gave money through emergency relief funding to charities, daily there are situations where our recovery support officers embedded in communities come across people and identify needs that can't quite be met appropriately by government money, whether that's state or federal. Using our networks in the charity sector, there are many occasions where we've bought charitable money to bear to coordinate this recovery.

Senator O'SULLIVAN: It sounds important. Are there any issues of fraud with charities—people coming to them with fraudulent claims? Is there support for charities to deal with instances of fraud?

Mr Colvin: Charities have pretty well-worked systems in place and governance arrangements. Of course, as we've seen in all government measures, fraud is a risk and there are those people who will do the wrong thing. Our experience again is that charities have a reasonably sophisticated ability to detect that, but it's not perfect. Somebody can shop across a range of charitable sectors. One of the challenges that we're all working very hard on is: how do we share information appropriately to make sure that if people are forum or charity shopping that that can be addressed quickly? They have good mechanisms and good governance arrangements that detect this quite quickly.

Senator O'SULLIVAN: Is there transparency with those operations and how they're making decisions?

Mr Colvin: For how the charities make decisions?

Senator O'SULLIVAN: Yes.

Mr Colvin: They do report quite often on the way they're disbursing funds. I think one of the lessons that we've all learnt out of the 2019-20 bushfire season, but particularly the charities, is that there is an insatiable appetite from the community for understanding how they are making these decisions. Again, we've seen the charities react quite positively to our prompting that they need to be more accountable and open about this.

Senator O'SULLIVAN: So what sorts of things are you asking them to improve?

Mr Colvin: Transparency, more material on their websites and more public information about how they're making decisions and why they're making decisions. The charities also have a difficult task. They need to be there for the long term, as we talked about at the start of the hearing, so they often have a difficult job finding a balance.

Senator O'SULLIVAN: On that question of time frame, how long would you be expecting the charities to continue to be involved in these 'black summer' areas?

Mr Colvin: Formally, the money from the government—there are time frames placed on when they need to spend it by. To give you a quick snapshot, some of those funds are by December this year. Others are by—and it's complicated—January next year. Still others again are by June next year. So there are different reporting requirements, depending on what the money is, but all of them have windows. I think there's a need for the charities to find a balance between getting immediate funds out, in a relief sense, but retaining enough of the disbursements so that they can be there in 12 and 18 months' time when—both anecdotally but also the evidence tells us—the communities are still going to be needing their support.

Senator O'SULLIVAN: Thank you very much for your answers but also, importantly, the work that you're doing. It's absolutely vital at this time.

CHAIR: Thank you, Senator O'Sullivan. Senator Ayres?

Senator AYRES: Mr Colvin, on 23 June 2020—less than a fortnight, I think, before the Eden-Monaro by-election date—the Prime Minister and the Liberal candidate for Eden-Monaro announced a second round of primary producer funding for bushfire victims. It included support for wine and grape producers, a forestry recovery development fund, more

storage for secure forestry products and apple grower grants. That announcement is now four months old. Can you tell me how many applications for funding have been received in each of those categories?

Mr Colvin: I can tell you certain information. Bear with me while I pull out the right details. The Department of Agriculture, Water and the Environment are administering all of those programs—I believe I'm right in saying that—so they will have the detail beyond what I can provide. Let me get what I can for you, though. The \$31 million bushfire recovery grant for apple growers, announced on 23 June—this is for grants of up to \$120,000 per hectare. There was a co-contribution required from the recipient. The program opened in Queensland on 31 August, in South Australia on 7 October and in New South Wales on 7 October. At this stage, I believe the department is still working with our state counterparts on assessing the grants. I probably can't go into too much more detail than that.

Senator AYRES: So you can't tell me, in terms of apples, how many applications have been received?

Mr Colvin: No, I don't have that information. The department would.

Senator AYRES: I see. What about in the other categories?

Mr Colvin: So the wine grape—

Senator AYRES: Yes.

Mr Colvin: This is for smoke taint for wine producers that weren't eligible under the small business packages. ACT—

Senator AYRES: Sorry, Mr Colvin—back to apples again. When will we know how many applications have been received? When do these application processes that were announced four months ago conclude?

Mr Colvin: Applications close in Queensland and South Australia on 31 December and in New South Wales on 15 December. So the program is quite open and active at the moment.

Senator AYRES: And are applications being approved after the application date closes, or are they being dealt with and approved as they come in?

Mr Colvin: I'd have to defer to the department for that.

Senator AYRES: Okay. Sorry to interrupt you—back to wine grapes.

Mr Colvin: This is for grape growers that weren't eligible for the small business programs that were made available. ACT opened on 31 August. Victoria opened on 8 September. New South Wales opened on 7 October. South Australia opened on 7 October as well—so, both of those were quite recent. The program terminates on 30 June next year. Applications close in the ACT, Victoria and South Australia on 31 December this year and in New South Wales on 15 December this year. So, again, we're in an open grant window at the moment.

Senator AYRES: Similarly for the two forestry line items?

Mr Colvin: I'll just make sure I get the right ones. That would have been what I was talking to Senator Rice about earlier—the \$41 million Forestry Recovery Development Fund, announced on 23 June. The program launched on 1 September. Applications opened on 2 September. They closed just last week, on 13 October. That's all the information I have available. The department, as I said to Senator Rice, will be able to give more detail on that.

Senator AYRES: So if I want to know how much funding has been released for each of those programs, I'm not going to find out from you; I'm going to find out from the department?

Mr Colvin: That's correct, yes.

Senator AYRES: You don't have any oversight of that?

Mr Colvin: Our role is to make sure that the measures are rolling out and being implemented effectively. The actual administration of the program sits with the departments, so I don't want to try to answer on their behalf.

Senator AYRES: So you're not able to, on notice, provide me with a—

Mr Colvin: I think the correct department to deal with that will be the Department of Agriculture, Water and the Environment, which will have the most up-to-date details.

Senator AYRES: You haven't been briefed about that?

Mr Colvin: No, I haven't actually.

Senator AYRES: So announcements were made four months ago, and you haven't been briefed on how much funding has been released for those programs?

Mr Colvin: As I just explained, the grants are open now. The programs are still open at the moment, so they would still be assessing grants, I'm sure.

Senator AYRES: Are you aware of the Regional Recovery Partnerships that the Deputy Prime Minister announced on 30 September?

Mr Colvin: Vaguely. I'm aware of it. It's not a bushfire program per se, but we do try and keep an awareness of all programs, particularly given there are so many programs in a COVID environment, to try to maximise them for bushfire communities. But I am by no means an expert on it.

Senator AYRES: I was hoping you would know a bit more. The reason that I was hoping that is that the Deputy Prime Minister, when he announced the funding, said:

The data available has informed the identification of these locations—

Where the money's going to be spent—

They have been selected because they are regions whose economies have experienced the brunt of natural events such as bushfires, or COVID-19, drought as well, or because they create an opportunity to work closely with other levels of government to make sure those regions are well-placed to contribute to national resilience and growth.

Are you aware that the regions of Eurobodalla, Shoalhaven, the Snowy Valley and Bega Valley were excluded from the program?

Mr Colvin: I'm broadly aware of the regions that were included. I couldn't speak to the rationale of which regions were in and which regions weren't.

Senator AYRES: You're responsible for coordinating the recovery effort in bushfire affected regions. Were you asked to provide advice as to which regions should be included in the regional recovery program?

Mr Colvin: I'll take advice. While we're thinking about the answer, though, what I will say is that we've made available to all our partner departments the material and evidence we have about regional impacts. We're very open and transparent about what we see as the

impact of the bushfires across regions—that's no secret—either publicly or with our departmental colleagues. I have no doubt they used it. Whether they asked us specific questions—

Senator AYRES: I'm not sure whether you can know that. What I want to know is: were you asked to brief them?

Ms Bruinsma: We provided our feedback through the ordinary cabinet process. The modelling that was done was not done by the NBRA and it did not just take into account bushfire impacts. When we were seeing things, it was a range of different things that were going into that that were in addition to bushfire impacts. As the coordinator said, we offer our insights and intelligence to the agencies pulling this together. Our advice would have been provided through the budget and cabinet process.

Senator AYRES: You provided that advice through the normal channels, but in relation to this specific program?

Ms Bruinsma: Yes. As this program went through the cabinet process, we were consulted. That's how we provide our feedback, through the normal cabinet process.

Senator AYRES: What regions did you advise should receive the funding?

Ms Bruinsma: We didn't actually advise on the regions. We were given visibility of the submission through the cabinet process. So we had visibility that Kangaroo Island, for example, was in there. The sort of input that we gave was how we would work with the department of infrastructure to make sure that any money that was going out was complementing our local economic recovery fund program and wouldn't be duplicating that in those regions. But we didn't provide advice on the analysis or the econometric analysis that was used to determine those regions.

Senator AYRES: So you did provide advice about regions—Kangaroo Island—

Ms Bruinsma: We did not provide any modelling or analysis to identify the regions. When we knew that those regions had been identified, we knew that they were also targeted for local economic recovery, as are a lot of other regions affected by the bushfires. The work we intend to do with Infrastructure is to make sure that the money that's going out is complementing our local economic recovery fund and not duplicating or overlapping with that fund.

Senator AYRES: So the advice you provided was general. There was no advice about specific regions that should receive funding.

Ms Bruinsma: No, because they did separate—

Senator AYRES: I'm trying to unravel this mystery. The Deputy Prime Minister said that a very significant proportion of this has been allocated in response to bushfires. In the Bega Valley, 465 homes were destroyed and 134 were severely damaged; in the Eurobodalla, 510 homes were destroyed and 274 were severely damaged; in the Shoalhaven, 285 homes were destroyed and 168 were damaged; and in the Snowy Valley, just under 200 homes were destroyed and 49 were severely damaged. All of those regions are entirely excluded from the Regional Recovery Partnerships. What advice did you provide that ended up with a result where those regions were excluded from the program?

Mr Colvin: There are 112 local government areas—far broader than what you've just described—that have been triggered for disaster relief as a result of the bushfires. You would need to ask the department, who designed that policy and that program, what they took into account.

Senator AYRES: Can you provide correspondence that you had regarding the program—

Mr Colvin: I think it is part of the cabinet process.

Ms Bruinsma: It's part of the cabinet process, so that would be cabinet-in-confidence.

Senator AYRES: So those severely affected areas were excluded and you provided advice, but we don't get to know?

Ms Bruinsma: We did not provide advice on the modelling or the analysis that went into the selection of those regions. That's a matter for the department of infrastructure.

Senator AYRES: I'm not asking about modelling; I'm asking: when you were asked to provide a brief, what regions did you say should get assistance from this program? You're not able to tell me which regions—

Mr Colvin: We were consulted as part of the normal cabinet process. I'm sure you understand that we can't talk about the cabinet process and what advice was provided.

Senator AYRES: Is the agency able to provide an up-to-date organisational chart?

Mr Colvin: Certainly.

Ms Bruinsma: I don't have one with me, but, yes, we can provide it after.

Senator AYRES: I know that there has been some discussion about tenders. I want to discuss one more. Mr Colvin, there was a tender issued one week after the National Bushfire Recovery Agency was announced on 13 January. It's CN3664035-A1. It's a limited tender valued at \$242,390 awarded to Peter Edward Dalrymple Crone. Can you explain the procurement process for that tender?

Mr Colvin: We've put some material on the record in response to question on notice No. 2063. Peter Crone provided labour hire services to support initial development of the NBRA's reporting and analytical capabilities. A limited tender for Peter Crone's services was undertaken for urgent services brought about by the unforeseen events of the black summer bushfires. In accordance with subparagraph 10.3(b) of the Commonwealth Procurement Rules, Peter Crone was engaged up to a maximum of 180 days. The NBRA exercised a contract extension option with Peter Crone for up to an additional 90 days and increased the maximum value to cover this additional period. In the early stages of the NBRA we identified that we would need some economic expertise and assistance. We were supported very much by Prime Minister and Cabinet in establishing ourselves in those early stages and bringing in some of that expertise. Peter Crone was identified, and he supplied a very good service to us until that ended.

Senator AYRES: How was he identified?

Mr Colvin: You would need to ask Prime Minister and Cabinet that. In the initial stages, they did much of the legwork to help us stand the agency up. I couldn't answer exactly how he was identified.

Senator AYRES: It was not a tender that you were directly involved in?

Mr Colvin: No, I didn't know Peter Crone. I've since come to know that he's done a lot of work with government—

Senator AYRES: He sure has.

Mr Colvin: and was well known.

Senator AYRES: You didn't receive any direction about the tender? It was Prime Minister and Cabinet that—

Mr Colvin: Prime Minister and Cabinet assisted us with bringing Peter Crone into the organisation. I did not know him.

Senator AYRES: I understand he's been engaged until 14 June 2021. Is that still what's anticipated, or are you saying that he's wrapped up?

Mr Colvin: 14 June 2021? No, he wasn't engaged—

Ms Bruinsma: The contract was terminated on 2 June, so he's no longer working with us.

Senator AYRES: And he was terminated on the basis that the 180 days has been used up, or was there some other reason for termination?

Ms Bruinsma: No, we hadn't used the 180 days, but the work that he was undertaking for us had been completed, and he had other work to go on to, so we mutually terminated the contract.

Senator AYRES: What did he do?

Mr Colvin: He provided a great deal of economic analysis in the initial stages of us trying to understand the relative impact across the regions. I'm not going to try and explain, because I don't understand, but, as economists do, he drew on a range of statistical datasets to help us understand what the impact was on the tourism industry, what the impact was on the agricultural sector and what the impact was more broadly in a particular region. He helped us with a relative-impact understanding of the bushfires at a moment in time—what was available to us at that time.

Senator AYRES: The line of questioning that I had about the Regional Recovery Partnerships—did he assist your briefing of the—

Mr Colvin: I think he would have been long gone before he saw anything to do with that program.

Ms Bruinsma: No, he wasn't involved.

Senator AYRES: He wasn't engaged in that. You're aware that Mr Crone was directly appointed by Prime Minister Abbott to head the government's Commission of Audit in 2013?

Mr Colvin: No, I wasn't personally aware of that. I know he has worked with government, but the Commission of Audit—no, I wasn't aware of that.

Senator AYRES: You're not aware then that the final report of the Commission of Audit released in 2014 recommended abolishing the disaster recovery allowance?

Mr Colvin: No, I'm not aware of that.

Senator AYRES: You weren't engaged in the process—this guy just arrived? You weren't aware he had strong views about the disaster recovery allowance?

Mr Colvin: No, I certainly wasn't aware he had strong views on the disaster recovery allowance. I was aware that he came highly credentialed and as a credible economic analyst, which is exactly what I needed. I wasn't aware of any role with the disaster recovery allowance or the Commission of Audit.

Senator AYRES: I don't have any further questions, Chair.

CHAIR: Thank you, Senator Ayres. Are there any further questions for the National Bushfire Recovery Agency? If not, I thank you for very much for your attendance and evidence here today and for all of your work in getting these communities back up on their feet. After the suspension, the committee will move to the Office for Women.

Proceedings suspended from 14:48 to 15:05

Office for Women

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

Senator Payne: Not in the circumstances. Thank you, Chair.

CHAIR: For benefit of those watching from home, we've been persisting through some technical problems which we have solved as best we can. We will persist. Would either Ms Frame or Ms Hawkins like to make an opening statement?

Ms Hawkins: No, thank you.

CHAIR: Senator McAllister.

Senator McALLISTER: Thanks very much, Chair. Thanks, Minister, for persisting through your tech difficulties. It's appreciated. It's been reported that the Prime Minister's office has said that no-one credible was critical of the budget or argued that it didn't deliver for women. That was in response to an article criticising the budget that was written by the journalist Georgie Dent. Have you contacted the Prime Minister's office to confirm if this is true?

Senator Payne: No; I haven't had a conversation of that nature with the Prime Minister's office.

Senator McALLISTER: Why not?

Senator Payne: If I had a conversation with the Prime Minister's office about every media article produced on a range of portfolio issues across government, I would be doing that every day of the week. The media are entitled to comment. The officers of government who engage with the media are entitled to engage. I don't think it requires ministerial intervention.

Senator McALLISTER: It didn't concern you that female critics of the budget were being told that they were not credible?

Senator Payne: There are countless reports about every budget every year, and some of them are probably reports with great veracity and some are probably reports with less veracity, but I would suggest that it doesn't require ministerial intervention to deal with those issues. It's part of the processes of reporting and differentiating views. That's part of a robust democracy, frankly.

Senator McALLISTER: You're right: every budget has critics. Irrespective of whether you agree with all of the critics, do you at least accept that women who have concerns or have criticised the budget publicly, in terms of its response for women, are credible?

Senator Payne: I have a running list in front of me of people who have either supported or criticised the budget. I support people's freedom to make comment as they see fit, on all sides. Members of the government, members of the opposition, members of the crossbenches, members of the media, members of the parliament and professionals who are required to engage on these issues will do what they believe is appropriate.

Senator McALLISTER: Do you accept that, just as there are credible supporters of the budget providing commentary that there are credible commentators who have concerns about the budget and its implications for women?

Senator Payne: I'm not sure it's for me to accept that proposition. As I said, there will be a vast range of commentators on every budget and every set of propositions pursued by government, no matter who is in government, frankly. There will be those who support them; there will be those who don't. Some will be more credible than others. Some reports will have greater veracity than others. It's in fact up to readers. I think it's actually more challenging in the days of social media in some ways, but it's up to readers and listeners to make their own decision.

Senator McALLISTER: A group of female commentators have created a website called crediblewomen.com in response to the remarks that were made by your Prime Minister's office. This site has been blocked by the parliamentary network as a malicious site and it indicates that it is high risk for reputation. Do you have any idea why?

Senator Payne: Senator, I was not, and would not expect to be, aware of the status of an individual website. So, no, that is not information that I had had. You say that comments in relation to credible women were made. I was not party to those comments. In fact, I wasn't in Australia at the time of that comment being made, but I have seen it reported. If there is an issue in relation to a website, then I would imagine that that would be taken up through the normal channels, which would be through the parliamentary IT system and the presiding officers.

Senator McALLISTER: You have shown very little curiosity about the original comment and whether or not it actually was made or about the website. Do you intend to make any further investigations about how the Prime Minister's office is treating female commentators who do have credible opinions about the budget?

CHAIR: Sorry, but I'm just going to intercede here. I know it is difficult by video, but we did just have the Department of Parliamentary Services before the committee, which would have been a very good place to ask a question about websites being inaccessible from Parliament House. That's entirely within their remit.

Senator McALLISTER: Sure, but I'm asking the minister.

Senator Payne: I answered the question.

Senator McALLISTER: If I can move on, I'm interested in understanding how you see the role of your portfolio. Do you think you and the officials that work with you have a role to play in advocating for women's interests in the policymaking process?

Senator Payne: I think that the office is a very important entity within government. That is one of the reasons that it is located in the Department of the Prime Minister and Cabinet. I know that over time it has been located in different parts of government, including, I think it was called the department of families and community services or perhaps it was it was social

services—I'm not sure which. Yes, it certainly has an important role to play. It works with the large agencies of government, the departments. It's a relatively small office and small entity. It works with those in the context of policy and engagement on key issues. In this case, in relation to the 2020 context, it has been responsible for what I regard as excellent work in bringing together the Women's Economic Security Statement 2020, which is of course a refresh of the Women's Economic Security Statement 2018.

Senator McALLISTER: In answer to a question from the COVID committee, the Office for Women has confirmed that, between March and April 2020, the Office for Women did not brief on early access to superannuation, on JobKeeper or on JobSeeker in advance of government decisions on these issues. Why weren't you consulted on those issues?

Senator Payne: Chair, before I answer that question, can I just raise a technical problem which is that, for some reason, the system keeps unmuting my iPad—the device that I'm using to view the proceedings. That is making it very difficult for me to work here.

CHAIR: Sorry, Minister, just before you go on to answer, we picked up a bit of that with an echo on our end. That may be something that Broadcasting can look at at this end. We'll see if we can investigate that while we persist.

Senator Payne: Thanks, Chair. Senator, you have the evidence from Ms Hawkins in relation to that. I think Ms Hawkins set that out very well, and I don't have anything to add.

Senator McALLISTER: Well, with respect, Minister, is it not a concern to you that very significant economic decisions were being made and you were not consulted as the Minister for Women? I appreciate that you're not on ERC, but would you not have expected to have been asked?

Senator Payne: The entire government, and through the departments of the government, is expected to have within those key departments the capacity and the role of considering the broad application of policy development on the entire population, as you would expect and as has always been the case. Where it is appropriate for the Office for Women to engage or to be invited to engage—and there is a range of ways in which that is done. I'm not sure if you were on the committee yourself, Senator, but, as senators saw, Ms Hawkins set that out in her response to the committee at that COVID inquiry.

Senator McALLISTER: Who do you think was considering the gender impacts of these policies if it was not the Office for Women?

Senator Payne: Well, I just said I would expect all departments to be considering the impacts of policy development on the whole population in the process of developing policy, as they do. That would be one of the reasons, for example, why we see 1.7 million women in Australia in receipt of the extremely important JobKeeper payment, which has enabled them to retain connection with their employment in the midst of what is the most extraordinary economic impact Australia has seen in generations. It has enabled them to keep that connection and, hopefully, to continue with that employment.

Senator McALLISTER: Minister, you said it's your expectation that someone else would have done this work.

Senator Payne: That's not correct. That is absolutely not what I said.

Senator McALLISTER: Pardon—you said it's your expectation that those developing these policies would have taken responsibility for undertaking analysis about impacts on the population. As the Minister for Women, did you check whether or not gender analysis was done on those key policies that your department was excluded from? Did you check whether gender analysis was done in relation to JobSeeker, did you check in relation to JobKeeper and did you check in relation to early access to super? Was gender analysis undertaken, and do you know whether or not it was undertaken?

Senator Payne: Self-evidently, in a situation where \$101 billion of taxpayers' money is supporting around 3.5 million individuals in Australia as part of the JobKeeper process, and 1.7 million of those recipients are women in Australia, it is an important economic lifeline for those women. Self-evidently, in the application of the JobSeeker payments—which are not payments that are made in any gendered way whatsoever—and the additional payments made in the context of COVID-19, they have been equally applied to women and to men, and that is obviously a very important aspect of that. Forty-six per cent of the recipients of JobSeeker and the COVID-19 payments made in the context of the pandemic response are women because 46 per cent of the recipients of JobSeeker are women.

Senator McALLISTER: Minister, with respect, you say that it is self-evident, but my question to you was different. Did anyone do any analysis about policy design and the extent to which it met the economic needs of women, noting that women were disproportionately and differently impacted by the changes to the economy that have taken place since February? Did anyone in government do that analysis that you are aware of? Where can I ask? In the remainder of the estimates fortnight, which department should I ask about the gender analysis that was undertaken on these measures?

Senator Payne: You should always ask the departments that are responsible for the policy measures themselves. That would be a very normal and basic approach. JobKeeper, of course, comes from the Treasury department. That is where I would ask that question. As to the pandemic leave disaster payment, which continues to support workers in Victoria, in Tasmania, in Western Australia and in New South Wales, that question would perhaps be directed to Home Affairs. A number of the questions that you have are also relevant to the Treasury, as I said. I'm sorry; I'm absolutely hearing myself twice here.

Senator McALLISTER: I do appreciate that the IT is very difficult for you, minister, and I apologise for the circumstances under which we're having this conversation. I will ask those agencies. Have you asked them to show you their analysis?

Senator Payne: I have not personally asked those agencies for their analysis, but we are always, in the Office for Women, speaking with those agencies, and in PM&C we are speaking with those agencies. Between my office and the Treasurer's office, there is the normal communication that you would expect.

Senator McALLISTER: Treasury told the Senate Select Committee on COVID-19 that it had not modelled the impact of the COVID-19 early access to superannuation scheme on women. We know that on average, women retire with around half the superannuation balances as men. Has the Office for Women done any analysis on this, or asked Treasury to do so?

Senator Payne: Can I ask Ms Hawkins to respond to that question, please?

Ms Hawkins: Sorry, can you repeat the exact question?

Senator McALLISTER: Treasury told the COVID-19 committee that they did not do any analysis of the impact of the early access to super scheme on women. This is despite the fact that women retire with around half the superannuation balances as men, on average. Did the Office for Women model the impact of that scheme on women, or do any analysis of that scheme on women, or did they ask Treasury to do so?

Ms Hawkins: In terms of the government's decision on early access to super, as you know from our answer to the previous committee—the COVID committee—we didn't advise on that prior to the government making a decision. In terms of after that decision, we have been involved in briefings on that issue. We have not done modelling as such, but we have been involved in giving advice subsequently on that.

Senator McALLISTER: So after the decision was made, somebody sought your advice?

Ms Hawkins: After the decision was made we had a look at it and provided some advice on it.

Senator McALLISTER: To whom?

Ms Hawkins: In the normal course of events, we advise the Minister for Women in various briefings. We've given her advice on it.

Senator McALLISTER: Just to the Minister for Women?

Ms Hawkins: I'd have to take on notice anything beyond that.

Senator McALLISTER: Why? Can you not remember?

Ms Hawkins: We do look at a very large number of things. I have got in front of me that we didn't give advice before the decision was made. I know that we did give advice after the decision was made. I know that in the general course of briefings that we provide the minister that we did provide advice on that after the event. Anything further I'd need to take on notice.

CHAIR: Ms Hawkins, you don't have to justify your position to take a question on notice. Every witness is entitled to do that for any reason.

Senator McALLISTER: Minister, it sounds as though you don't have a handle on whether or not gender analysis is being undertaken on major economic decisions within government. You are the Minister for Women. If you're not advocating for that kind of analysis and Treasury is not routinely doing it, isn't it true that there is no-one in the government who is taking responsibility for examining women's economic interests?

Senator Payne: I disagree entirely. As I pointed out earlier, and as Ms Hawkins has pointed out to this committee previously, and perhaps even to the COVID-19 committee, the Office for Women is a small part of the government. But clearly, given the requirements across public service for the impact on the entire population to be considered in terms of policymaking, that is, I would suggest, a basic tenet of government's approach to these matters. Each secretary, each department, is responsible for all those policy issues and those programs within their own department. The Office for Women assists the Department of Prime Minister and Cabinet, the Prime Minister and me in the work that we do on a range of issues, and they include, as we've discussed with this committee before, women's leadership, women's economic security, women's safety and a range of other roles.

Senator McALLISTER: Minister, are you an advocate for gender analysis on key economic policies within the government?

Senator Payne: Yes, and it's a matter which is discussed amongst members of the government in the course of normal business.

Senator McALLISTER: Why is it, then, that over perhaps five years of asking questions about this within the government I am yet to receive a response from Treasury where they say, 'Yes, we did do that analysis'? I'm still waiting to find a policy where they've undertaken gender analysis.

Senator Payne: I'm not able to respond on behalf of Treasury, and nor would you expect me to respond on behalf of Treasury.

Senator McALLISTER: Do you advocate to Treasury, then, about this?

Senator Payne: There are a range of discussions, as I said in response to a previous question from you, across government, between departments, between the Office for Women and between the Department of the Prime Minister and Cabinet and other departments in relation to the broad implications of any policy across the whole population. And, frankly, the initiatives in the budget—whether they are around accelerating personal income tax cuts or whether they are around a number of the other stimulus measures that are there around training or around JobMaker hiring credits—are about making sure the economy is stimulated so that the number of women's jobs that have come back in the months since the worst impact of COVID-19 continues to increase, because we know there has been a strong resurgence in women's jobs. We want to see a lot more, and that is why the policies that we took to and announced through the budget process are in place.

Senator McALLISTER: Minister, were you consulted about any of the policies in this budget prior to announcement—in particular, the JobMaker wage subsidy?

Senator Payne: I'm not going to speak in detail about matters that may have been the process of cabinet consultations.

Senator McALLISTER: So, you are basically telling me that the extent to which the Office for Women provides advice on key economic measures is now a secret, because it is all the subject of cabinet consultation?

Senator Payne: No, that's not what I said. You asked me about discussions in relation to particular matters, and I said I wouldn't comment on those in the context of cabinet discussions. But if you want to ask Ms Hawkins in relation to the particular engagements the Office for Women has had, then she will answer to the best of her ability in terms of those discussions.

Senator McALLISTER: Have you been briefed around any gender analysis of the JobMaker wage subsidy scheme?

Senator Payne: Do you mean the JobMaker hiring credit?

Senator McALLISTER: Yes.

Senator Payne: Well, the expectation is that around 450,000 positions for young Australians will be eligible to be supported through the JobMaker hiring credit. My view is that this is a very important initiative to encourage employers to take on additional

employees—Australian jobseekers aged between 18 and 35. It is not a gendered initiative; it is an initiative to support the economy in the COVID recovery context.

Senator McALLISTER: You didn't answer my question, though, which is: have you seen any analysis to identify whether or not the design of the scheme will impact on men and women differently?

Senator Payne: I think the initiative that the Commonwealth has taken, which of course will see in the context of this initiative 450,000 young Australians being supported into jobs, is in an effort to determine the most-effective way to support the economy to recover to ensure that we are skilling and reskilling all Australians, and in a number of cases particularly women, for the jobs of the future. There are a number of initiatives in the Women's Economic Security Statement which I'm sure we could also point to which are part of that process.

Senator McALLISTER: Okay. I'm going to take that as a no, on the gender analysis for the JobMaker scheme. What about the taper rates for the JobKeeper scheme? Was any gender analysis done on the impact that might have on women?

Senator Payne: You would have to ask the agencies that are responsible for that scheme.

Senator McALLISTER: Have you been briefed on that analysis? Are you aware of any analysis?

Senator Payne: I haven't particularly been briefed on an analysis of that nature, no.

Senator McALLISTER: The stage 2 tax cuts being brought forward: have you been provided with a briefing about the gender impact of that measure?

Senator Payne: I've been provided with a briefing which tells me that it will benefit over 11 million Australians who have been fighting and trying their way through extraordinarily difficult circumstances in 2020. And I think that as an initiative that is a very important step by government and one that I strongly support. It's about providing that one-off additional tax benefit to low- and middle-income earners in the 2020-21 financial year to deliver that tax relief to enable them to get through what has been a very difficult period.

Senator McALLISTER: Minister, I asked you earlier whether you were an advocate for gender analysis in policy development. I think you said that you were, and these were discussions that took place from time to time. We've just run through a whole series of measures recently announced in the budget for which you have not received, or seen, or are aware of any gender analysis at all. Do you know whether there is a differential impact of any of these policies on women, and are you interested in finding out?

Senator Payne: Well, Senator, I think, as governments have done over many years, these initiatives are focused on ensuring that we can grow the economy so that Australians can create jobs so that we can, as it says, in fact, in the 2020 Women's Economic Security Statement, increase economic resilience. The 2020 Women's Economic Security Statement is a part of the JobMaker plan. It includes a range of key measures. But the commitment from government is to endeavour to assist all Australians to get a job, to assist all Australians who want a job to get a job. We have seen the number for women's jobs—and that's a piece of gender analysis, Senator, which I notice you're not particularly interested in—come back on a positive trajectory: 61.8 per cent since May; of the 446,000 people who have gained employment since May, 276,000 are women. That's a very important part of this process, and one which enables women to get back into those roles which are so important.

Senator McALLISTER: I want to ask you about the women's economic security package. Why was the Women's Economic Security Statement not handed out with the budget papers in the media lock-up, or tabled in parliament on budget day?

Senator Payne: With the Women's Economic Security Statement, to the best of my recollection—and I stand to be corrected; obviously this was not my portfolio responsibility at the time—I don't recall if the 2018 Women's Economic Security Statement was tabled in parliament as a formal document or not. I will check on that.

Senator McALLISTER: I'm asking about the one that was issued just a couple of weeks ago.

Senator Payne: I understand that, but I'm saying that I think it was treated in a similar way to the 2018 statement. I will check on that, and, if I'm wrong, I'll correct the record.

Senator McALLISTER: The Treasurer mentioned it in his speech, but the document associated with it wasn't available in the lock-up. Can you explain why that is?

Senator Payne: I was under the impression there were copies available in the lock-up.

Senator McALLISTER: One journalist tweeted that she had to go looking for it. She eventually found it. It had been printed out on a photocopier. Everything else was on glossy paper and ready to go. I ask again: why was the document not broadly available to the participants in the lock-up?

Ms Hawkins: If I can come in, Minister, if I may? The Women's Economic Security Statement itself is not actually a budget document. So for us in the Office for Women, we were aiming to have the glossy document ready to go when the Treasurer started his budget speech on the Tuesday night. We were ready to have it on the website, we were ready to have published copies, and then a decision was made to assist journalists in the lock-up, to actually give them a copy, and that is why there were photocopies of the WES. So, we were aiming to give it out that night, and then a decision was made to give it to the journalists to assist them in the lock-up, and that's what happened.

Senator McALLISTER: I see. When was it decided that the Women's Economic Security Statement would be delivered with the budget, Minister?

Senator Payne: I don't recall the precise date, Senator. I'll take that on notice and return to the committee.

Senator McALLISTER: You gave an interview on 4 November indicating that the statement would be released following the budget. Who decided—

Senator Payne: I don't think it was 4 November.

Senator McALLISTER: My apologies; 4 October.

Senator Payne: Yes, Senator, and I've said I'll take the question on notice and I'll return to the committee.

Senator McALLISTER: Who made the decision to hand it down with the budget? Was it the Treasurer or the Minister for Women?

Senator Payne: It was the decision of the government.

Senator McALLISTER: Did you initiate that discussion, Minister Payne, or did Mr Frydenberg?

Senator Payne: It was a decision of government.

Senator McALLISTER: I see. When the 2018 statement was formally launched, there was a press conference with the Prime Minister and the Minister for Women. Can I confirm that there has been no formal launch of the 2020 statement?

Senator Payne: I think the release of the 2020 statement coinciding with the budget is absolutely a formal release of that document.

Senator McALLISTER: Can you confirm that it hasn't been tabled in the parliament?

Senator Payne: I just said I would check whether that was the case in 2018. I'm not sure—I don't recall, to be clear. As you know, Senator, I was not present in the parliament in the budget week, given my travel. I'm now speaking to you from quarantine.

CHAIR: Senator McAllister, for time management purposes, could I check how you're going. The committee was due to go to a break at 3.30, which I pushed back a bit. Obviously we started with the Office for Women later than we intended to.

Senator McALLISTER: I have more questions. I just have a follow-up here and then I'm happy to go to a break and we can have a discussion—

CHAIR: I know Senator Waters will have questions as well. Why don't you finish, Senator McAllister, and then we'll see where we're at.

Senator McALLISTER: Minister, this is actually my concern: the statement wasn't printed, it wasn't given to journalists on the budget night, it wasn't launched, it hasn't been tabled in the parliament and you weren't even in the country for the presentation of this document.

Senator Payne: Senator, I presume you're not—

Senator McALLISTER: My concern is that this looks like an afterthought.

Senator Payne: If I could just stop you there, Senator. Are you suggesting that I should not have been engaging in official travel on behalf of the Australian government? Because if you are, I don't think that's a fair or appropriate suggestion, Senator.

Senator McALLISTER: Minister, I'm asking whether or not this statement was an afterthought.

Senator Payne: Absolutely not.

Senator McALLISTER: It was not printed, it wasn't prioritised.

Senator Payne: In fact the comprehensive nature of the government self-evidently shows you that it is so far from an afterthought that that is, I think, entirely unfair to those who have put a great deal of effort into its preparation. You will see that it contains a range of initiatives, including initiatives that build on those from 2018 and a range of new initiatives. You'll see that its funding is significantly higher than the funding of the 2018 Women's Economic Security Statement and an endorsement and growth of that Women's Economic Security Statement. It complements the government's plan in terms of economic recovery, in terms of JobMaker, in terms of the response to COVID-19 and in terms of the position of Australian women. It identifies five key priorities. It has a strategic focus, even in the very beginning, about repairing and rebuilding women's workforce participation and further closing the gender pay gap; about greater choice and flexibility for families to manage work

and care; about supporting women as leaders and positive role models; about responding to the diverse needs of women; and about supporting women to be safe at home. Five key priorities. For you to suggest, Senator, that this comprehensive Women's Economic Security Statement is an afterthought is entirely unfair.

Senator McALLISTER: Minister, is it correct that you haven't done a single interview about the Women's Economic Security Statement or what's in the budget for women?

Senator Payne: I spoke to ABC last week in relation to a number of matters, including women's roundtables that I held in South Australia. The discussion on that occasion canvassed a number of funding issues—mainly, on that occasion, frankly, in relation to women's safety, but they were the questions that I was asked and they were the questions that I answered.

Senator McALLISTER: Chair, I'm conscious that you wish to break, so we'll have a conversation later.

CHAIR: For the committee's time management, Senator Waters, how much time do you think you'll need?

Senator WATERS: Maybe 20 minutes, Chair.

CHAIR: In that case, I think we should go to our break beforehand, and we'll come back to you with the Office for Women. The committee will take a break.

Proceedings suspended from 15:39 to 15:53

CHAIR: The committee will now resume, and Senator Waters has the call.

Senator WATERS: Thanks for joining us, Minister. To start, do you agree that the impacts of the recent budget disproportionately affect women?

Senator Payne: The impacts of the budget?

Senator WATERS: Yes.

Senator Payne: Senator, is that your view that you're putting to me?

Senator WATERS: I'm asking whether you think the recent budget has a disproportionate impact on women by disproportionately favouring men.

Senator Payne: I think that you and I will be coming at this from a different direction. If the Commonwealth is accelerating personal income tax cuts to support low- and middle-income earners, then that is not a gendered initiative that prioritises men over women or vice versa. It's an important initiative that enables those Australians to get some more support in their pockets, frankly, to get through what is a very difficult period. If we are talking about supporting business investment, the JobTrainer Fund and the JobMaker Hiring Credit are not gendered initiatives; they're about stimulating the economy in the context of the worst economic crisis that we have seen in generations for all Australians. In fact, as has been said of budgets before, budgets, broadly speaking, are for all Australians and what we have done in this context of this budget is to supplement, if you like, the efforts under JobMaker with the Women's Economic Security Statement.

Senator WATERS: So, Minister, being wilfully blind to existing gender inequality doesn't make it go away. Analysis of the budget shows that 0.03 per cent of the total spend on the budget is for women's economic security. There's no new money for family or domestic violence frontline services. There's no money for older women who are the largest growing

cohort of homeless, or money for homeless services for that cohort, and the tax cuts will by a 70 to 30 per cent ratio go to men. Do you still assert that the budget is not having an adverse impact on existing gender inequality?

Senator Payne: Senator, I strongly contend that the budget is for all Australians. The budget is about stimulating an economy and an economic recovery that responds to the crisis induced by the COVID-19 pandemic. That requires us to stimulate the economy or to pursue economic recovery across the board. It requires us to ensure that young Australians who have been impacted by the budget are able to receive the skills that they need in the future as they are trying to re-enter the workforce. It requires us to have sought targeted focuses in a number of areas through the Women's Economic Security Statement, and that is part of the discussion that obviously we have been having. But driving jobs and driving economic recovery is a whole-of-government, whole-of-nation exercise and that is what this budget is about.

Senator WATERS: But you're the Minister for Women. Being blind to existing inequalities isn't being gender-neutral.

Senator Payne: Senator, I reject that assertion. I reject the fact that you would suggest anyone is blind to those issues. We note clearly whether it's through the Women's Economic Security Statement or elsewhere that we are more than acutely aware that the level at which we had seen women's workforce participation had reached a record high in January of this year—61.5 per cent—and that the gender pay gap had narrowed to a record low at the end of November 2019. That's a gap that had closed 3.4 percentage points since 2013. We know that since 2013, of the 1.5 million jobs that were created in this country by hardworking businesses, 58.9 per cent of those jobs went to women. All of those are important factors that we want to make sure we can return to and exceed in the context of the post-pandemic environment. So we are pleased to see those smaller green shoots—for example, the number of jobs that have been regained by women since May and that 61.8 per cent of the jobs regained are held by women. These are obviously very difficult times. There is no question of that, but our focus is on making sure that the economic recovery benefits all Australians.

Senator WATERS: I dispute your suggestion about the jobs figures. In some cases people who are working for one hour are now being considered employed. So those figures conveniently don't address underemployment, but that's an issue for another day. Did you have any input into the leaked talking points about the budget's impact on women that came to light last Friday from the Prime Minister's office? Did you have any input into drafting those talking points?

Senator Payne: Not personally, no.

Senator WATERS: Would that be something that you would normally have input on—policies for women or talking points on women for the Prime Minister who then distributes them to others—or is that the Prime Minister's sole bailiwick?

Senator Payne: These processes occur in a number of ways, as they do across all governments and across all systems. I'm not specifically involved in that process and I wouldn't necessarily expect to be.

Senator WATERS: Okay. Just to be clear: you don't help to draft the talking points on issues in your portfolio that the Prime Minister then distributes.

Senator Payne: Me personally, no. I'm not expected to. I would expect that there are conversations between officers. I would expect that there are conversations across government and I'm not sure why you would be drafting those points personally.

Senator WATERS: Well, I don't know—you're the Minister for Women so I'm just asking. It's good to know that there's not a lot of input happening—sadly.

Senator Payne: In the development of the Women's Economic Security Statement process, everything that it puts on the record in relation to women to those initiatives that build on the 2018 Women's Economic Security Statement—

Senator WATERS: Yes, and what proportion of the budget does that document receive?

Senator Payne: I don't understand the point of your question.

Senator WATERS: Its 0.03 per cent.

Senator Payne: So you're suggesting—is that your conflation? I'm sorry, I misunderstood you before. If you're suggesting that the Women's Economic Security Statement represents the only initiative in the budget that has an impact on or a benefit to women then that would be, I think, a very simplistic approach to take. It's quite clear in—

Senator WATERS: Is this where you tell me that women drive on roads?

Senator Payne: It's quite clear in the statement that this is a supplementary—I'm just trying to find the exact language—

Senator WATERS: Supplementary to what?

Senator Payne: It:

... provides targeted support to create new opportunities for women.

It talks about the investments which we have made since 2013. I note you referred to women's safety. As you're very well aware, Senator, the Commonwealth provided in excess of an extra \$100 million of funding in the course of this calendar year, part of it distributed in the second half of the year to states and territories specifically in response to COVID-19 women's safety issues. There was \$130 million, in fact, plus an extra \$20 million focused on both 1800RESPECT and a number of men's support lines as part of this response.

Senator WATERS: On that: the women's safety sector has called for vastly more funding than was provided. They've suggested that \$1 billion per year over 12 years is what is required to service the demand, and yet there was nothing in this budget and, as you mentioned, there was a very small amount of roughly \$150 million that was announced in March of this calendar year. Did either the Office for Women or you, as the minister, make any forays or attempts to the Treasurer or to the Prime Minister to make them aware of the size of the demand and the recommendation by the sector for a \$1 billion per year for 12 years spend to keep women safe?

Senator Payne: There is strong, ongoing funding, as you know, under the fourth national action plan. In fact, this government has committed \$340 million as its contribution towards the fourth action plan of the National Plan to Reduce Violence against Women and their Children. As I said, the additional funding that we announced, \$150 million, has been allocated; \$130 million of that has been provided to the states and territories to support those organisations that are responding on the frontline.

Through this process we've also responded, in an initial sense, to the *Respect@Work: sexual harassment national inquiry report*, which is obviously a fundamental in addressing women's safety and respect for women—

Senator WATERS: Yes. With respect, Minister, thank you—I'm across the details of those earlier announcements so forgive me for butting in, but time is limited—

Senator Payne: You don't talk about them very often, Senator, so I'm glad that you are.

Senator WATERS: Were you aware of the sector's calls for the quantum of \$1 billion per year over 12 years as being what was needed for keeping women safe? Was that a figure that you were aware of?

Senator Payne: I'm aware of a number of calls that are made by stakeholders across government and specifically in this area from time to time on these issues.

Senator Payne: These are issues which are discussed regularly through government, between departments, between portfolio areas and in relation to matters such as budgets. But, Senator, I would remind you and I remind the committee that this government reformed the childcare system only in 2018. Our reforms, which have been in place for a relatively short period of time, are absolutely about providing significant financial support to Australian families and particularly to lower- to middle-income families. We are investing at record levels in child care. We are, in fact, providing over \$9 billion a year through the childcare subsidy. And, importantly, more than 70 per cent of Australian families accessing child care pay no more than \$5 an hour for that access, for that care, and more than 20 per cent—if I'm not mistaken, 24 per cent—of families pay no more than \$2 an hour. Our focus in supporting lower- and middle-income families results in those sorts of levels of access which we think are very, very important for those families and for the sector.

Senator WATERS: Minister, I'm sure you're across the fact that New South Wales is now proposing to criminalise coercive control. In fact, it's a bipartisan approach. Is there any discussion being had, either within the Office for Women or at any other level, about a national approach to coercive control?

Senator Payne: I've seen those announcements by the New South Wales Attorney-General, which I think are an important step. The states and territories obviously have the legal levers that enable those actions to be criminalised. I think it's an important initiative on behalf of New South Wales, and it's a matter which I would expect the Attorney-General's Department to take the lead on.

Senator WATERS: I will take it up with them. This question is to the folk at the table here. The budget statements show expenses for the Office of Women to deliver outcome 1—which is the policy advice and support outcome—declining across the forwards, starting at about \$26 million in 2020-21 and dropping down to, basically, \$7½ million in 2023-24. What's the explanation for that pretty drastic reduction in funding?

Ms Hawkins: The story that that's telling is actually a huge increase in funding. One of the major measures in the Women's Economic Security Statement is a new women at work measure. It's a \$50 million measure and \$47.9 million of that is for expanding the existing Women's Leadership and Development Program. The current program sits at around \$4 million or \$5 million—one of my team could correct me. So what you're seeing there in the forwards is that there is a big injection this year, given what the government has been making

very clear: that job creation is a major focus for right here and right now and that, in terms of the way we profile that additional \$47.9 million—which, as I say, will be a major grant program, so that we can be providing it to organisations that can boost women's job opportunities—we've put in a big boost in the first year and then basically we've profiled it across the forwards. It's profiling that additional \$47.9 million across the forwards.

Ms Thomas: I just want to make a slight correction to Ms Hawkins's reference to the Women's Leadership and Development Program. For this financial year, it's \$3.389 million.

Senator WATERS: What was the level of funding for outcome 1 in 2019-20?

Ms Hawkins: The level of funding for the whole PM&C?

Senator WATERS: No—for outcome 1 in 2019-20. I'm asking for that so I can compare the figures I've got with what's happening at the minute.

Ms Hawkins: If I understand your question, if you're asking about what the Office for Women would have had in the previous budget—for 2019-20, compared to here—Ms Thomas was giving you a bit of a global sense about the existing administered funding for that Women's Leadership and Development Program. What did you say it is?

Ms Thomas: It's \$3.389 million.

Senator WATERS: Yes. I'm less interested in that specific program; I'm sure it's meritorious. I'm interested in the money that you get to do your job to advise the minister.

Ms Hawkins: Got you. The table that you were reading out before was about the administered funding. In terms of the departmental funding, the ASL for the Office for Women this year is 34.5. That is an increase from last year, when the ASL, the average staffing level, for the Office for Women was 28.4. That increase of 6.1 ASL is for two things. One is that it gives us a couple of additional staff to manage the major boost in the Women's Leadership and Development Program grants program that I've just referenced. The other part of that 6.1 additional ASL is additional funding for us given the additional workload that we have. This year has been a very busy year. COVID has increased the workload of the office, and there are various other things.

Senator WATERS: Thanks for that. Is the time use survey still on track to be rolled out in 2021 as previously planned?

Ms Hawkins: The Australian Bureau of Statistics is progressing the time use survey. I may ask Ms Thomas to give us a bit more information.

Ms Thomas: Yes, I met with the Bureau of Statistics last week and can confirm that the time use survey is on track. They've been undertaking dress rehearsals. They've needed to adjust the way in which they conduct the survey during COVID, and obviously they're just making sure that the surveying can occur in as safe a way as possible for both the surveyors and the recipients. But that is on track.

Senator WATERS: Okay. Lastly—thank you, Chair, for your indulgence—I have two quick ones if I could.

CHAIR: Very quickly, please.

Senator WATERS: Thank you. The economic statement refers to progress on facilitating the splitting of super in separation proceedings. What is that progress? What's happening in that space—as briefly as you can?

Ms Thomas: The Treasury is the responsible agency for those programs, so I would recommend referring those questions about the progress to Treasury.

Senator WATERS: Even though it's in the Women's Economic Security Statement, that bit's for Treasury?

Ms Thomas: Yes. It was a 2018 Women's Economic Security Statement measure, and they are in progress, the details of which Treasury will be able to provide.

Senator WATERS: I'll take it up with Treasury. Lastly, is there any consideration, Minister, being given to whether there should be a women's economic security advisory council, similar to the women's safety ministers forum? We've just lost your audio, Minister. We can still see you, but we can't hear.

Senator Payne: Sorry. I was trying to mute the sound of an acrobatic plane that appears to be over my house. Could you repeat the question. Sorry, Senator.

Senator WATERS: Yes. Is there any consideration being given to having a women's economic security advisory council, much as we have a women's safety council?

Senator Payne: No. I think that the work that is done through the national cabinet process and through the various committees and supports attached to that takes a whole-of-government approach to these issues. In terms of those matters which were elevated to councils of the COAG, Indigenous issues and women's safety issues are two areas where a special task force has been retained following the changes to the national cabinet process.

Senator WATERS: Thanks very much.

Senator HUGHES: Minister Payne, I'd like to ask you some questions with regard to e-safety, cybersecurity and cyberbullying, particularly around women, but I'm just a little bit concerned and maybe a little bit offended, actually, about some of the questioning we've just heard, so I just wonder if you could cover off a few things for me. I wonder whether the JobKeeper, JobSeeker and JobMaker provisions are just for men.

Senator Payne: No.

Senator HUGHES: Okay. And do you know if females take up apprenticeships at all, or is it just something that males do?

Senator Payne: They most certainly do, and you'll see that a number of the initiatives in the Women's Economic Security Statement—for example, those related to STEM and those related to the program run by Master Builders Australia—are about encouraging women and girls to go into areas of work that are more strongly remunerated. That will include the ability to in part address gender pay inequality issues that we see. The Master Builders program is a very interesting one in relation to women in trades and is one I've seen reported on recently. We would encourage anyone in those industries, and particularly anyone with a capacity to encourage the participation of women and girls in STEM, to have a look at some of the initiatives in the Women's Economic Security Statement for exactly that reason.

Senator HUGHES: How about entrepreneurs, business owners and employers? Are they only men as well?

Senator Payne: Self-evidently not, Senator. We have a significant number of women who lead small and medium businesses in this country. It's an ever-increasing number of women. One of the important aspects of the provision of JobKeeper to Australian businesses has been

to ensure that many of those businesses have been able to survive in the extraordinary times of COVID-19 and keep their workforce connected with them—as I said, 1.7 million women receiving the JobKeeper payment are in that context—so that when they're able to reopen, when they are able to return to business in the recovery phase, those staff have been able to survive through the process with some support from JobKeeper and those employers are able to bring those staff back online and make sure they can get back to work.

Senator HUGHES: Also, when it comes to childcare, would the Office for Women or yourself consider child care to be a women's issue or more broadly a family issue or productivity issue?

Senator Payne: I think the Productivity Commission report made very clear child care is an issue for families, broadly speaking. The work that we have done in that reform process has particularly focused on low- and middle-income families who experience barriers to workforce participation because of the costs of child care are supported through the provision of the childcare subsidy. As I said, over 70 per cent of Australian families in receipt of the subsidy pay no more than \$5 an hour for child care, and more than 20 per cent of those Australian families pay no more than \$2 an hour. That level of accessibility for low- and middle-income families is a very important precursor to their ability to increase their workforce participation.

Senator HUGHES: Thank you, Minister. I guess that might help encourage others to understand that the budget was actually for all Australians, not just one gender of Australians. As I said, I did want to have a quick discussion with you—I am conscious of time—around cyberbullying and the rise of this occurring to women and older women. I wondered if you could outline any of the work you've been undertaking in this area and what sort of programs are being developed to have a look at that.

Senator Payne: I particularly want to commend the work of Julie Inman Grant, the eSafety Commissioner. Her role falls within the portfolio of the Minister for Communications, Cyber Safety and the Arts, Minister Fletcher. She is a very, very willing supporter of the work that we're doing through the Office for Women and that I have done in a number of instances in terms of online safety. It is about protecting Australians—men and women, girls and boys—from online harm. There is an important initiative in the budget of over \$39 million for the eSafety Commissioner to enable her and her team to respond to what is a very sustained increase in demand for their programs and resources. It will help them fulfil additional roles under the proposed new online safety act, and support Australians with a strong and effective regulatory framework that will underpin their ability to work, to learn and to engage online. This is in addition to the boost the government announced in June of this year, which was a \$10 million funding boost to assist the eSafety Commissioner to respond to an increase in demand for support during COVID-19.

All of this goes to show what a very complex environment it is to navigate online, for girls and boys and for women in particular, who are dealing with some of the most extreme extremes of behaviour being directed at them through social media. I think it's essential that we enable those Australians to access the support that the eSafety Commissioner can provide. We've seen a number of penalties developed under the Enhancing Online Safety Act. There are, as I said, a number of outstanding reforms to the online safety legislation that are to come

to the parliament. The sorts of extreme behaviours that we've seen demonstrated through the media recently, particularly through online dating platforms, would be subject to that as well.

I know that for a lot of members of parliament, both women and men, this is an issue of significant concern. It is one that the eSafety Commissioner, with the support of the government, is doing a very good job in addressing. Ms Hawkins may have more to add on that, but they are a number of the points I would make.

Ms Hawkins: I'm looking at the various points. As the minister has said, our colleague Julie Inman Grant is doing an absolutely excellent job as the eSafety Commissioner. Her work has been particularly important during COVID, given that we saw some disturbing spikes in online harm happening, which we can only surmise is because so many people were at home. As the eSafety Commissioner says, the technology is used for both good and ill. Definitely we saw it being used for some ill during the COVID period. It is why the \$39.4 million for the eSafety Commissioner that came out of the 2020-21 budget, as the minister said, was in addition to the money that the government invested in the eSafety Commissioner during COVID, so there was that additional \$10 million funding boost to help the eSafety Commissioner respond to that increased demand during COVID-19.

The eSafety Commissioner plays an important role in terms of its successful reporting and take-down mechanisms. It can remove cyberbullying material that's aimed at children, it can remove intimate images that are shared without consent and it can remove prohibited and illegal online material. There is quite a range, as the minister said, of important work that the eSafety Commissioner is doing.

Senator HUGHES: Thank you. I'll hand back because I'm conscious of the time.

CHAIR: Thanks, Senator Hughes. I appreciate that. Senator McAllister, do you have any further questions for the Office for Women?

Senator McALLISTER: I do have a very quick set of questions.

CHAIR: It would be good if it were.

Senator McALLISTER: I will move through them as rapidly as I can. I'm interested in the women's project grants under the 2018 Women's Economic Security Statement. Who approved those grants?

Ms Thomas: If you're referring to the Women's Leadership and Development Program, the Minister for Women is the decision-maker for those. The Office for Women conducts the relevant assessments in relation to the Public Governance, Performance and Accountability Act and the Commonwealth Grants Rules and Guidelines and then briefs the minister accordingly.

Senator McALLISTER: I want to ask about one particular grant that was approved on 5 April 2019, just a couple of days before the federal election was called. It is a \$2.2 million grant to COSBOA. What was the purpose of that grant?

Ms Hawkins: Again, we do have so many grants. Could you give us a little bit more information? It predated us being in the roles. Can you give us a bit more information about which one it is?

Senator McALLISTER: I'm going with the material that's on the internet. It is under the women's projects grants. It's a Women's Leadership and Development grant. It relates to

output 1.1. It was provided to COSBOA, which is the Council of Small Business Organisations Australia. It was valued at \$2.2 million. The approval date was 5 April 2019.

Ms Thomas: That was actually a 2018 Women's Economic Security Statement measure. It was referred to in the statement at the time as the Future Female Entrepreneurs Program. It has subsequently had a name change and it is referred to as the Academy for Enterprising Girls. That's what that grant refers to.

Senator McALLISTER: And why was it awarded on the eve of the election?

Ms Thomas: I would have to go back and check, but my understanding is that it would have been a case of needing the grant to be established in order for it to be executed, but it was certainly a women's economic security 2018 measure.

Senator McALLISTER: According the Commonwealth Grants Rules and Guidelines, grant awards need to be published on GrantConnect within 21 days of a grant agreement taking effect. That's correct?

Ms Thomas: That's correct.

Senator McALLISTER: Why was this grant to COSBOA published over a year later, on 7 September 2020?

Ms Thomas: I would have to take that on notice, Senator.

Senator McALLISTER: Is it correct—I mean, that's the publication date on the online database. Is it correct that that was the date it was published?

Ms Frame: None of us here at the table were actually in the office at the time. So, if you will allow us, we'll take it on notice and get back to you with the specific information that you're seeking.

Senator McALLISTER: I'd like to know if any action has been taken as a result of such an extended delay between allocation of the grant and publication of the information—

Ms Frame: That's additional question on notice.

Senator McALLISTER: It is an additional question.

Ms Frame: No problem, thank you.

Senator McALLISTER: Can I ask about another grant to COSBOA for \$5.5 million, approved on 2 October, under the same program. What is this grant for?

Ms Thomas: This grant was to continue funding for the Academy for Enterprising Girls. The funding was for the 2019-20 financial year. As part of Women@Work, which was one of the measures within the 2020 Women's Economic Security Statement, the Academy for Enterprising Girls has received additional funding through that measure, given its high impact in terms of providing amazing support to young girls and women encouraging them into STEM and entrepreneurial positions. This year alone, even with COVID, they've had 5,000 girls go through the program, and through Women@Work they've received additional funding.

Senator McALLISTER: And that was approved by the minister?

Ms Thomas: That's correct.

Senator McALLISTER: What's the percentage of funding that COSBOA receives under the grant program?

Ms Hawkins: Senator, we'd have to take that on notice.

Senator McALLISTER: How does it compare to other recipients?

Ms Hawkins: I really would have to take it on notice.

Senator McALLISTER: I am interested in the extent to which this program is being used for this organisation relative to other organisations that might apply for or be interested in receiving funding. Has the academy been formally evaluated?

Ms Thomas: The program, as I mentioned, was only launched at the end of last year, so it is still too soon for a formal evaluation. However, under the Commonwealth Grants Rules and Guidelines, they are required to submit performance reports. We can confirm that they have indeed met all the relevant requirements under their performance reports and have also provided a lot of feedback on the impact it's having in terms of young girls being able to establish new businesses and come up with business ideas.

Senator McALLISTER: Has an evaluation framework for this particular program been established?

Ms Thomas: I believe it has, however I'll take that on notice just to 100 per cent confirm it. I believe that is worked into the funding agreement.

Senator McALLISTER: Can you please table the evaluation framework for this program? Can you also please table the specific performance metrics that are attached to both the first and the second grant that's been provided to the Academy for Enterprising Girls?

Ms Thomas: Certainly, we'll take that on notice, Senator.

Senator McALLISTER: Thank you. Thank you, Chair.

CHAIR: Thank you very much, Senator McAllister. If there are no further questions for the Office for Women, thank you very much for your attendance and your evidence here today.

Workplace Gender Equality Agency

[16:37]

CHAIR: I welcome, via videoconference, the Workplace Gender Equality Agency, including Ms Libby Lyons, who's joined us from Perth, and officers who've joined us from Sydney. Ms Lyons, do you wish to make an opening statement?

Ms Lyons: Yes, I do.

CHAIR: Okay. If you could keep it brief, for time and technological reasons, that would be most appreciated.

Ms Lyons: Certainly. Thank you. I'm very pleased to be able to provide the committee with an update on the work of the agency. Since our last appearance the agency, as with all workplaces, has had to rapidly adapt to new circumstances due to the COVID-19 pandemic. All agency staff moved from our Sydney CBD premises to remote working arrangements from March 2020. Although those arrangements are still largely in place, approximately 30 to 40 per cent of staff are now transitioning back to the office.

The most significant challenge of the period, however, has been to ensure the successful collection of the 2019-20 dataset. Under normal circumstances, employers provide their data to the agency between 1 April and 30 May each year. Given the significant disruption that

most employers were facing during this period, the agency made a number of arrangements to support employers to meet their reporting obligations and to ensure that there was minimal impact on the collection of this very important data. We were keen to ensure that the dataset was sufficiently accurate and robust in size to maintain trend data. To that end, we delayed the start of the reporting period to 1 May and extended the reporting deadline from 30 May to 31 July.

I'm pleased to advise the committee that, despite the challenges faced by employers as a result of COVID-19, this year we have the biggest dataset we have collected to date. Today the compliance rate sits at about 98 per cent, which is just a one per cent variation on previous years. The data collected this year is so important, as it will measure the state of gender equality in the Australian private sector just prior to the impact of COVID-19, and it will provide us with an all-important baseline for comparison on the impact COVID-19 may have on workplaces in the years to come. The agency is also currently finalising the analysis of this year's data ahead of its release in November this year.

In addition to this, the agency is well progressed on the development of our new online reporting system, which is due to be in place in time for reporting in April 2021. The project remains on schedule and on budget. The project team will soon commence a pilot of the system with employers who are applying for this year's Employer of Choice for Gender Equality citation. They will be the first to access and test the system. A wider pilot with a small group of employers is scheduled for later in the year, with all components of the system to be verified. We're looking forward to the new system as it will improve the reporting experience for employers and also allow us to commence the collection of data from public sector organisations on a voluntary basis. The build of this new system will also allow us to include some additional voluntary data points, which will greatly improve the depth of analysis that we can produce, such as gender pay gaps by location or region as well as by age. I know that many members of the committee will also be interested in this new data, and we look forward to being able to offer employers and the public an even more detailed picture of workplace gender equality. Thank you.

CHAIR: Thank you very much, Ms Lyons. Senator McAllister?

Senator McALLISTER: Ms Lyons, I want to ask you about She's Price(d)less. It's a document that I've used a lot over my time in the parliament. I find it very valuable, and you must be very proud of WGEA's contribution to the latest version. In your foreword you say that you hope that the insights and recommendations will play a valuable part in driving the impetus for change and that our children deserve nothing less. I want to talk to you about some of the aspects in the executive summary and the main report. Do you have a copy of that report?

Ms Lyons: I don't have it in front of me, but perhaps one of my team who is online can email me a copy so I can have it on my screen.

Senator McALLISTER: If it's of any assistance, I was hoping to go to page 13 of the short report.

Ms Lyons: I will also put Janin Bredehoeft on notice, because she was very involved in the work that was done with She's Price(d)less, so she may be able to help.

Senator McALLISTER: The report is organised by looking at the underlying drivers of the pay gap, and on page 13 it looks at the primary underlying driver associated with care, responsibilities and workforce participation, and it suggests that 39 per cent of the gender pay gap is due to these factors. There is a list of ideas here, or policy solutions, that would effect change. They include improving work-life balance, increasing the availability of flexible work, increasing the availability of child care or decreasing its cost, enhancing the availability and uptake of shared parental care, and reducing disincentives to participation through changes to tax, family payment and childcare support systems. Are you aware of any of those solutions being included in the budget this year?

Ms Lyons: I think there are a number of initiatives in the budget that look to some of these issues, but if you're talking specifically to those, then there are no specific actions, to my knowledge.

Senator McALLISTER: That would be good. I think it would be useful for you to, maybe, reflect on it and provide on notice whether there are any of these opportunities to effect change in the new budget initiatives for this year. In the longer version of the report—which I accept you may not have with you and we might have to ask one of your colleagues to answer on this one—on page 13, down the bottom, it says:

... the government subsidy system continues to penalise families where there are two parents in full-time work. For many Australian families, this impacts more on women than men due to persistence in the gendered nature of caring. More women than men work part-time, and if women increase the number of days worked there are financial disincentives through increased tax, lost payments and out-of-pocket childcare expenses.

Do you have any insights about the impact that this dynamic has on the 'work first' composition and women's decision to return to work?

Ms Lyons: More broadly, we've stated on the record, quite publicly, that child care along with other things is a barrier to women returning to the workforce, particularly after taking parental leave. So we do know that it is a benefit. But as to the actual figures, KPMG did the bulk of the work around this report and produced the figures. Ms Bredehoeft, I think, you oversaw some of that work. Do you have anything to add to that?

Dr Bredehoeft: No, Libby. I have nothing to add to that.

Senator McALLISTER: The report goes on to say:

As the policy landscape continues to evolve, it will remain important to focus on interactions between Australian personal income tax, family payment and childcare support systems to ensure these do not deter Australian women with young children from increasing their workforce participation.

That remains true, doesn't it?

Ms Lyons: I think any tax system evolves over time. It has to evolve over time, and it has to take into account all cohorts in the community. So the tax system evolves. We've seen tax changes happen now and they continue to evolve. We need to see all policies continue to evolve. It's as simple as that.

Senator McALLISTER: Is there anything in the budget that addresses that interaction between personal income tax, family payments and childcare support systems?

Senator Payne: I think it's very difficult, but there's a complex—sorry, let me withdraw that—there is a series of initiatives in the budget that are, overwhelmingly, focused on

economic recovery in the context of COVID-19 and what we need to do to get jobs back into business, as it were, and people into those jobs, whether it is across the payment system, whether it is through the income tax cuts, whether it is through the very significant funding that the Commonwealth already provides, in terms of child care—over \$9 billion in the current context, as I said in response to, I think, Senator Waters earlier—a whole range of initiatives around skills, around training and around supporting businesses to invest and create jobs. That's to the best of my hearing, at the moment, and endeavouring to respond.

Senator McALLISTER: Thanks, Minister. I will leave it there, because I am genuinely sympathetic about the audio problem. It might be something we can come back to at another time. Thank you.

Senator Payne: Of course.

Senator WATERS: Thanks for persisting with the tech and joining us here today. Ms Lyons, you had expressed concern that COVID would set back the gender pay gap, and the women's finance index estimates that every month of COVID pushes back the time to achieve gender pay equity by 12 months. Did you meet with Treasury to discuss these concerns and how they could be addressed in the budget?

Ms Lyons: No.

Senator WATERS: Do the measures set out in the budget address your concerns about the impact on the gender pay gap?

Ms Lyons: We constantly monitor what is happening with the gender pay gap, and I think it remains to be seen what will happen. What we have done is look at what has happened in previous economic downturns. We know what happened during the GFC. So we are continuing to monitor it, and I would have to say that there is a very big role that the private sector must play here in terms of maintaining the gender pay gap, the stability of the gender pay gap or peak and driving it down even—that is, by continually monitoring their gender pay gaps in their organisations and taking action where they know they have problems. So, if every employer in Australia did that, we would continue to see the gender pay gap decline.

Senator WATERS: Would you gather or commission any data regarding the impact on women of the early access to superannuation rules?

Ms Lyons: No.

Senator WATERS: In brief—because we're up against the clock, unfortunately—what were some of the key findings from the 2019-20 WGEA report that you would like to draw to our attention?

Ms Lyons: We are still analysing the data that's been collected this year and that will be released in late November this year.

Senator WATERS: Can you give us any flavour—any sort sneak-peek flavours?

Ms Lyons: I'd love to be able to, but we're still analysing the data. What I can tell you is that it's the largest dataset to date and that the compliance rate, pleasingly, was 98 per cent. We thank every employer for the efforts that they have made under extraordinarily difficult circumstances.

Senator WATERS: I was going to ask you about the compliance rate, so thanks for mentioning that it's 98 per cent. How many actual companies does that represent that failed to meet their reporting requirements?

Ms Lyons: There are a number. Just because an employer doesn't put their report in by the date that we require doesn't mean that they don't become compliant as they put a report in, so the number changes every day. Currently, I think 145 organisations are noncompliant. Sydney office, could you confirm that number, please? Do you have it in front of you?

Ms Beath: Yes, that's correct.

Ms Lyons: So 145 currently are noncompliant.

Senator WATERS: Did you write to any of those companies saying that you intended to publish their name on the noncompliant list; and, of those written to, did any then hastily pull their socks up so that they could avoid such a public naming?

Ms Lyons: We write to every organisation that has a report outstanding to us on a regular basis and at regular intervals. That is specified under the act, so it happens every year. Generally speaking, most employers are very proactive once the CEO receives such a letter. Unfortunately, many of those that are noncompliant at the moment are what we would call serial noncompliant organisations so they've have been noncompliant for a number of years. Despite all our efforts, they're not interested in complying with the act.

Senator WATERS: Could I ask on notice for you to provide us with a list of those long-term noncompliant folks? I know you put that in your various reports, but perhaps if you wouldn't mind assisting us by collating those worst offenders. I had asked the Parliamentary Libraries to analyse the number of noncompliant companies who were still receiving Commonwealth government grants but, because of the slight disjunct with reporting times, it was a difficult comparison for them to make. However, it seems that 30 companies continue to receive government grants even though they're not meeting their WGEA reporting requirements. Has WGEA done any analysis of how many tender documents require compliance with WGEA reports?

Ms Lyons: We have procurement principles in place and we work very closely with the Department of Finance and other departments on those procurement principles. Every year towards the end of the year I write to the secretaries of every department alerting them to the fact that there are a number of organisations that are noncompliant and the fact that some of them may be doing business with them. I would have to say that on the whole the secretaries are very responsive to that letter and do whatever they can. We have on occasion seen employers very quickly contact us in order to comply. Last year I also wrote to the offices of the ministers for women across the states as well to involve them in organisations that were noncompliant at the state level. So we do a lot to try and ensure that there's a high compliance rate and that those who are noncompliant are being held to account in terms of government contact.

Senator WATERS: Lastly, on that point, is WGEA consulted by government when government plans a tender or a contract to a company that has failed to comply with WGEA reporting requirements? Has government come to you actively and discussed the matter?

Ms Lyons: Not to me personally.

Senator WATERS: To the agency?

Ms Lyons: I wouldn't have thought so, Senator. I do know that in my situation the tender documents have a check box that says, 'Are you compliant with the Workplace Gender Equality Act?' Ms Beath, did you have anything to add to that?

Ms Beath: As part of the process, [inaudible].

Senator WATERS: Sorry to interrupt you, but I'm afraid we're not hearing your audio in an audible way. I'm sorry about that. Would you mind popping that in writing and sending that to us? We're hearing Ms Lyons quite clearly, but I just didn't catch that last contribution. So if you wouldn't mind popping that in on notice, that would be great. I'm just conscious that I'm almost at the end of my time. I noticed in the budget papers there's a reference to own-sourced revenue of \$130,000 for WGEA. What does that relate to?

Ms Lyons: That relates to the fee that is paid by organisations who apply for an employer of choice gender equality citation. It literally covers the administrative costs of administering that program, which is quite laborious.

Senator WATERS: Lastly, your upgraded reporting program, I understand, is hopefully due to be completed early next year—correct me if I'm wrong on that—and will facilitate voluntary reporting by the public sector and other small and medium organisations, which is a move that I strongly support. Given your strategic priorities to expand your reach and impact, have you got a plan around encouraging voluntary reporting? Will you be advocating for the mandatory extension of the reporting to the public sector?

Ms Lyons: A couple of things there, Senator. Firstly, the new system will go live on first day of reporting next year, which is 1 April 2021. On the issue of voluntary reporting of the public sector, the agency has been in touch with a number of federal and state government agencies, and they are very interested in voluntary reporting. We currently have a list of over 28 federal and state government agencies who are keen to report to us on a voluntary basis. We will do a voluntary reporting pilot over the next six months or so, and we have some agencies that have signed up or provided us with interest in completing that. So I would have to say that interest is very keen at this stage at a state and federal level.

Senator WATERS: That final part of the question: will you be advocating for the public sector to be mandatorily required to report?

Ms Lyons: It's my understanding, Senator—you would have to seek legal advice on this—that the Commonwealth cannot mandate that state agencies report to us.

Senator WATERS: I mean Commonwealth agencies.

Ms Lyons: We're speaking regularly with the APSC on the federal government agencies reporting.

Senator WATERS: Thanks very much, Ms Lyons and your team. Thanks, Chair.

CHAIR: There are no further questions for WGEA. I thank you very much for your time and your evidence today. Minister, thank you in particular for persisting through those technical difficulties. We're very grateful for that.

Senator Payne: Thank you, Chair. I thank the officials as well. It's difficult to do this remotely and difficult to even be in the room when your minister and other officials are not. I just want to thank the team from the Office of Women and from WGEA and I want to thank the committee for bearing with us.

CHAIR: The committee is now moving to the National Drought and North Queensland Flood Response and Recovery Agency.

National Drought and North Queensland Flood Response and Recovery Agency

[17:04]

CHAIR: The committee will now resume. I welcome back Senator Seselja as Assistant Minister for Finance, representing the Prime Minister, and the honourable Shane Stone, coordinator of the National Drought and North Queensland Flood Response and Recovery Agency. Senator Seselja, do you wish to make an opening statement?

Senator Seselja: I do not.

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

Mr Stone: Yes, just a brief one. I'm the Coordinator-General for the National Drought and North Queensland Flood Response and Recovery Agency, and I'm chairman of the agency's advisory board. We know it's been a tough year. When I last came before you the nation was reeling from the bushfires and still in the grip of drought across all states and territories. While we were heading into lockdown we had little idea of how COVID-19 would affect our nation and the world. We've now seen how things have played out and I must say that for the rural and regional Australians whom my agency largely represents it has brought about some unique and complex challenges. Every day we are talking to and hearing from rural and regional Australians, whether they be farmers, small businesspeople, harvest contractors, local councils or any one of many Australians living outside our capital cities.

The drought and flood agency has continued to advocate successfully for and support regional Australians throughout the pandemic. I told you in March that we were then establishing our national network of Regional Recovery Offices. We now have 21 Regional Recovery Offices across Australia, with a couple more joining the team soon. These locally recruited and regionally based officers have proven to be a very effective on-the-ground network, particularly as cross-border travel restrictions ramped up. They are my eyes and ears on the ground. Our successful formula is 'turn up, listen and then act'. The regional teams provide information to people wanting to access Australian government assistance measures that will suit their individual needs. They link in with other regionally based staff across all levels of government to find opportunities to collaborate, and are a crucial source of real-time information about conditions on the ground.

In addition to the great work being undertaken by the Regional Recovery Offices, I have also undertaken extensive travel to drought impacted regions in all states and territories, with the exception of Western Australia, to see firsthand what is working and where there are opportunities for improvement. While this has been challenging due to the constraints imposed by the virus and the vast distances involved, it is very clear to me that the impacts of the most recent drought—the worst since records began in many parts of the country—are far from over. While some areas had pleasing rains, others in Western Australia and southern Queensland are still gripped by drought, in some cases going into their eighth year.

For those areas which have been lucky enough to have sufficient rain to start restocking or to plant a crop, it will be several years before they get fully back on their feet. It's important during this recovery phase, whether it be for those impacted by the North Queensland monsoon event in 2019 or the current drought, that we have an eye to ensuring that we

support individuals, businesses and communities in preparing for the next inevitable drought or natural disaster.

On 2 October 2020, the Minister for Resources, Water and Northern Australia, Keith Pitt, and the Minister for Agriculture, Drought and Emergency Management, David Littleproud, announced an extra \$50 million in the federal budget for the On-farm Emergency Water Infrastructure Rebate Scheme. I've been a strong advocate for the extension of this very popular drought program. The scheme was a victim of its own success and, under previous rounds, was oversubscribed by 2,000 applications. Many times on the road I heard from the farmers who committed to improve works, laying out funds that they don't have an abundance of and expecting to be eligible for a rebate, only to be told when they applied that the money had run out. I told the government that this scheme was worth investing in and the Morrison government stepped up. This is how we continue to improve government support, by getting out of Canberra and talking to people.

The agency has also partnered with Rotary Australia to deliver the Drought Community Outreach Program. My team coordinates with other Commonwealth and state government departments, charities, farming organisations and health providers to deliver one-stop-shop assistance events. Rotary fires up their barbecues so that friends and neighbours can catch up and make sure everyone is doing okay at the same time as receiving information and assistance. These events are happening as we speak out in New South Wales and will be rolled out across Australia as COVID restrictions ease.

The impacts of drought are far from over, and I want to reassure those affected that they have not been forgotten. The Morrison government remains deeply invested in supporting rural and regional communities. Over \$10 billion has been committed to help people, small businesses and communities manage through and prepare for drought. I know that the Regional Investment Corporation concessional loans help farmers and small businesses to manage through and to recover from drought. We also know that money was getting out the door too slowly, so I'm pleased that after these issues were raised with the agency through our Regional Recovery Offices we worked closely with the department of agriculture to secure an additional \$50 million in operational funds to speed up processing times, with an extra 36 staff on board since July.

My agency has recently conducted a thorough review into the government's drought response. While our review has shown some areas of improvement, it has also shown that, by and large, the Morrison government is delivering on its drought commitments, while also thinking ahead and helping people to prepare for future droughts through the Future Drought Fund. Where opportunities for improvement were identified, such as ensuring greater consistency of eligibility criteria, the work has already started, but the drought response is not set and forget. As conditions change, so does government response, which is exactly as it should be.

I'm pleased to let you know that we have released *After the flood: a strategy for long-term recovery*, following the devastating North Queensland monsoon event in 2019. The strategy was delivered following extensive consultations with affected communities, including local government, producers, business and individuals. I am pleased to say that as part of the recent budget the Treasurer announced a \$60 million package to kickstart its implementation, using repurposed funds which are considered unlikely to be spent from the restocking, replanting

and infrastructure repair program. This package includes funding to improve access to telecommunications and energy; grants to assist emerging industries and expand existing businesses; mental health measures for young people; and disaster management planning assistance. I'd like to acknowledge the leadership shown by councils in North and north-west Queensland, which have been central to the strategy's development. I'd also like to thank the many people who contributed their invaluable insight, ideas and experiences at our round tables, around kitchen tables, at town hall meetings, at local coffee shops and in paddocks.

The strategy reflects what individuals, business and communities have told us they need. It will help guide investments that support the long-term recovery of the region and will strengthen their preparedness for future challenges. It calls on government, communities, business and individuals to work together. It also provides a blueprint that can be used to guide the recovery process for other disaster events.

In June I gave evidence to the Royal Commission into National Natural Disaster Arrangements. I advocated for a single agency to deal with future disasters of national significance. It's no good reinventing the wheel every time there's a disaster. The drought and flood agency has proven that a dedicated, experienced and agile agency with a strong on-the-ground presence can immediately jump in and get working, cutting through unnecessary red tape to deliver support that works. Our agency has developed strong relationships with state authorities, local governments and key stakeholders, and this has been a significant factor in our effectiveness. We know that this approach works and helps communities get back on their feet faster.

I'm nearly done. On a national scale, I've been concerned by how border closures have unfairly penalised rural and regional Australians: farmers whose properties straddle state boundaries and agricultural workers who live and work in the borderlands or have children who travel across state lines to go to boarding school or even day classes. I've argued passionately for common sense to prevail. There's been some progress made, but more needs to happen as we learn to live with this virus.

My agency has achieved a great deal in a short time. It was recently granted another 12 months funding to continue our drought work to 30 June 2022, and our flood work is funded until 30 June 2024. We've worked hard and will continue to do so. But it's the relationships we've built and maintained with people in the regions that define my agency and our success. We're proud to stand shoulder to shoulder with rural and regional Australians. If I could sum it up succinctly, the executive summary is that we walk in the shoes of those who are on the ground and had to confront these major disasters.

I'm joined here today by our chief operating officer, Nico Padovan. I also have with me the head of my drought section, my flood section, my director of corporate services, who's the chief financial officer, and also the director of my communications and public engagement. They'll be able to go straight to any of the issues necessary to give you a consistent and concise answer. I'd also like to distribute to you a copy of our corporate plan and also our annual report, which I understand was tabled in parliament last Friday.

CHAIR: Thank you, Mr Stone.

Senator AYRES: Mr Stone, thank you for that outline. It always helps to have a comprehensive report; it reduces the number of questions that we're likely to ask. My first

question is for the minister. Mr Stone's evaluation or review of the Australian government's drought response identified six themes of shortcomings. He said that the governance and delivery arrangements in the drought support landscape are complex; eligibility is complex and inconsistent; the provision of some support during drought is reactive; communication and how to access support are unclear; there have been limited review and evaluation of programs; and data is not centralised or coordinated. To be fair to Mr Stone, I don't want to shop him completely. His report about the government's drought response is not all negative, but he does make those criticisms. What is the government's work plan to respond to those criticisms?

Senator Seselja: There's a number of things. I might take some of the detail on notice. But, certainly, the government is aware that as a nation we haven't always gotten these things right, and we are always looking to improve. One of the things that we have been doing is having people like Shane Stone assist with our response. There obviously have been a number of reviews, and they demonstrate, as well, the significant contribution made by the Australian government to drought impacted farmers, communities and regional businesses, but also demonstrate the government's willingness to learn from past experience and to deliver better assistance measures in the future. A number of proposals have been put out. Obviously, we respond to those and the ministers responsible respond in more detail on that. I can ask officials if they want to add anything to that. But we do take these things very seriously and we are working to improve.

Senator AYRES: You said that there's a number of proposals. Can you, I suspect on notice, outline what those are and what the government's response to those is?

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

Senator AYRES: Mr Stone, some of these matters are matters for government and some of them are, as I understand it, issues that the agency itself is engaged in working with—the governance and delivery arrangements for drought support, and the complexity of those, rationalising and consolidating drought measures. Is there a timetable for the agency to develop an approach to those questions?

Mr Stone: Let me first put it in context. As the lockdown came into play, we looked around at what we might do, usefully, given that we were constrained in our activities around Australia. I instructed my officers that I wanted a forensic examination of every drought measure that was in play. These drought measures cut across both sides of politics. As you would suspect, they have come through the system over time. That is one of the advantages of having the Hon Simon Crean on our advisory board. He is able to give us some insight into what people might have been thinking about in previous governments. It has been a challenge, given that the 25 programs are being delivered across 11 departments and agencies. Whilst I have this very nice letter saying that I have this oversight, the reality is that it is very much a collaboration. So, we weren't marking the government's, or past government's, homework. I want to make that very clear. Rather, we were looking to see where it fell short, what we could do to strengthen matters. We shared the whole report with our advisory board. They came back with strong recommendations. We sought counsel not only within our advisory board but also within the agricultural sector. At the end of the day I was able to put a very useful report in front of government.

You are already seeing various changes as things are fine-tuned. I'll give you an example. The Rural Financial Counselling Service, which I think goes back to 1985, was a case of set and forget. We have worked very closely with them to say, 'You are critical to the recovery of people, whether they are in bushfires, droughts or floods. What can we do to strengthen your service? What can we do to better support you?' Although they are administered within the Department of the Agriculture, Water and the Environment, the fact is that we now work collaboratively with that department to make sure that we have a better resourced and better and more effective counselling service that is in play. That is just one example.

Senator AYRES: I am interested in it because I accept your point that there is a range of governments and a history to this, but it is a pretty useful assessment of some of the shortcomings in drought support delivery. Minister, to be clear, I'd like to see, on notice, a response to each of those six line items, the six themes, that Mr Stone has identified.

Senator Seselja: That is fine.

Mr Stone: Can I just ask my chief operating officer to add to what I have had to say?

Senator Seselja: As long as it is brief. Are you going to be brief?

Mr Padovan: I will be. With those six criteria, we are not developing a plan about the plan. The work to address those is already under way. On the issue of eligibility, for example, we are working across government to come up with a standardised set of eligibility criteria. Over time, different criteria for different programs have emerged. We are trying to standardise that at the Commonwealth level. By late this year, early next year, we expect to—

Senator AYRES: You have talked yourself into some homework as well. I want something from you, Minister, and I want something from the agency about what is in the agency's control with those questions. Moving to the more prosaic matter of staffing, on notice in response to a question from Senator Kitching, we have details of the agency's staffing numbers. I appreciate that there are some increases that you have identified, Mr Stone. On that account, there are: one SES level 2, four SES 1s, 13 EL 2s and 22 EL 1s. Can you give me a quick outline? It is a very top-heavy arrangement for a Commonwealth agency. What is the justification?

Mr Stone: The justification is that we are dealing with two very complex areas of activity—the North Queensland floods and also the national drought. That does demand a high level of leadership. I have been very fortunate for those who have wanted to join the agency. That has been a hallmark of the agency—people have asked to be part of us. In support of them, we have our executive director of corporate services, also our director of community engagement and communications. That is critically important in the way that we communicate with our stakeholders. Of course, we have our head of flood. I am not certain that I follow that this would be top-heavy given the expertise I demand of those who lead these sections.

Senator AYRES: I understand that there are more people engaged, predictably, presumably at the EL 1 and EL 2 field officer positions. Would you be able to provide on notice an outline how many are employed at each level, and also locations, details of accommodation and leasing costs associated with each location?

Mr Stone: I can tell you the current staffing as at 30 September on a headcount: there are SES 2, one; SES 1, four ; El 2, 13; EL 1, 22; APS 6, 40; APS 5, one; APS 4, two. We have

them split between our Canberra office and our Brisbane office—51 in the Canberra office, 12 in the Brisbane office. You will recall when I last appeared, I said I was determined to decentralise the way that we operated and we have certainly done that. I have regional recovery officers, 23 of them, who are spread across the country.

Senator AYRES: Do they roughly accord to the map that set out the regions?

Mr Stone: Yes. Do you still have that map? I can give you a fresh one if you need it.

Senator AYRES: It is here for me on your website. Finally, I want to move to the question of travel. A total of \$577,595 from establishment through to 31 May. That is a high level of travel expenditure. Why is that necessary?

Mr Stone: My job is out there; it is not here. As an agency head—

Senator AYRES: I will come to you in a minute because we have a mystery question for you about your travel. But in the broad, what is the rationale?

Mr Stone: Turn up, listen and act.

Senator AYRES: There is a mystery in here. There has been some discussion in my office about this. \$46,000 for airfares, \$40,000 for meals, incidentals and allowances but \$187 for accommodation. We were quite worried. Is that figure right?

Mr Stone: I am sleeping in my car! No, I am not.

Senator AYRES: Have you got a caravan? What is going on?

Mr Stone: What was that last figure?

Senator AYRES: The material provided in an answer to a question on notice, No. 1809—

Mr Stone: My apologies; let me turn off my phone. It might be my answer!

Senator AYRES: The minister said in an answer to a Senate question on notice that the Coordinator-General incurred total travel costs of \$104,290 in the period of 1 July 2019 to 31 May 2020. Of that, \$187 is said to be for accommodation. The balance is for airfares, meals and incidentals. Sleeping in a swag provides a measure of authenticity, but what is going on there?

Ms Tonkin: That small figure was a one-off payment. It was an accommodation paid on Mr Stone's credit card. Normally, his travel allowance is paid through the travel allowance process. It was a one-off process through our expense account; that's why it stands out. It's not covered in that big bucket of travel allowance.

Senator AYRES: So the \$46,000 is for airfares, and the \$48,000 includes meals, incidentals, allowances and accommodation. Is that how I should read that?

Ms Tonkin: Correct.

Senator AYRES: That sound you can hear is a big sigh of relief from my office, wondering where it was that Mr Stone has been sleeping. I don't have any further questions, Chair.

Mr Stone: I just wanted to demonstrate that through a photo of me flying economy.

CHAIR: Mr Stone, props are discouraged, as I'm sure you'd know!

Senator AYRES: It happened at least once!

Mr Stone: Last week, coming out of Adelaide!

Senator GALLAGHER: Travelling these days sounds so exotic!

Mr Stone: It is!

CHAIR: We do know you're a man of the people, Mr Stone; that's never in doubt!

Senator AYRES: People fly economy out of Adelaide, but business in!

Senator DAVEY: Thank you for appearing today before us, Mr Stone—very nice photo too, I must say.

Mr Stone: I've got plenty of copies!

Senator DAVEY: The agency was first established as a flood recovery agency, which was extended to drought only—

Mr Stone: First week of December 2019.

Senator DAVEY: How has the agency been received in the community by farmers and other stakeholders?

Mr Stone: My belief is that we are well received. I've just done a sweep from Brisbane to Toowoomba and a sweep up to Longreach and across the Flinders Highway. I hadn't been out for a while because of the virus, but I was pleasantly surprised at the people who came up to us in the street and said, 'I'm glad you haven't forgotten us.' That is the big challenge in everything that Australia has had to confront, whether it was the flood; the drought, remembering that, even before the flood, we were previously in drought; the bushfires; the virus; and then, if you go back into Central Queensland, now the grasshoppers. So people do jump to the conclusion and say, 'You won't care about us anymore now the bushfires have arrived.' It's very reassuring, we find, when we do those trips that people genuinely say, 'Good to see you back.' There's always a fine line between treating people as exhibit A and being a bit of a sticky beak going back. I once asked a very large group of farmers, 'Do you get sick of us turning up?' The answer was, 'If you don't turn up, we don't think you care anymore, and it's important that you and the government care.'

Senator DAVEY: I note that you've recently piloted a community outreach program with a series of forums. I think it was piloted in regions of New South Wales and Queensland. Is that an extension of what you're doing, and was it based on some of the feedback you got? Can you take me through the pilot forums and how they were received in the regions?

Mr Stone: Sure. You're referring to the programs being run by Rotary, the Red Cross and the Salvation Army, where we were distributing vouchers and cash amounts?

Senator DAVEY: Yes, and I think your agency went through the Hunter and Quirindi, Scone, Merriwa and Coolah just this week.

Mr Stone: In fact, they're out there now. This is all part of the \$7.5 million Rotary distribution-of-vouchers exercise. We do this on a couple of fronts—firstly, to give some support to people who need it. Some people are in a dire situation. They struggle to put food on the table. We have properties that don't have drinking water. The implications of that are quite profound. I've had people say to me: 'Going to the toilet now is picking up the shovel and going out into the paddock because we can't flush the toilet. We can't shower. The kids can't shower. The kids smell; they can't go to school. I can't do the laundry; I've got to go into town. We don't have enough drinking water.' And that was before we got some of this welcome rain.

Off the back of that, we knew the not-for-profit organisations were being very helpful to those people, but we also saw a mental health component. If we could get people to come into town, to meet with these not-for-profit groups, which we were funding, to meet our staff—and we take other government agency representatives with us—we would be able to have a good look at people to see whether they were struggling, to see whether they needed help, to understand what their most immediate priorities were.

You're going to see a lot more of this. We recently allocated \$2.5 million to the CWA, so they'll be doing similar activities. Government can't do everything. The volunteer organisations and base are the glue that keeps the country together. Whether you're dealing with flood, bushfires—whatever it is. Without the volunteers, it's very hard. So that's what these programs are about.

Senator DAVEY: And what's the uptake? How many people are rocking up to these forums and taking advantage of these vouchers?

Mr Stone: My understanding is that there's a very good uptake. They are getting a response. Some people won't come. Some people say, 'I don't take charity', or 'I don't want to come into town to be part of this.' Some people say they can't afford the petrol to come in. There are lots of reasons why someone would come or not come. We wouldn't keep doing it and supporting the not-for-profit if we didn't think we were getting the uptake.

Senator DAVEY: When people turn up, do they also get information about other assistance—the mental health aspect and things like that?

Mr Stone: Yes, they do.

Senator DAVEY: So this is a way to connect with people who are doing it tough; they get the instant benefit of a voucher or whatever.

Mr Stone: It's an excuse for other government agencies to turn up. It's not just the Commonwealth. States and territories have an important role to play in all of this.

Senator DAVEY: There was an article recently, or not so recently, from the ABC about the definition of drought. As you said, we've had some welcome rainfall—where I live, the crops are looking fantastic. But there are areas of New South Wales that are still doing it really tough. Certainly, my farmers remind me that one good harvest does not a drought break, because the finances are still in recovery mode. What is your view about a consistent definition of drought? I want to link this to the calls I've had to my office about the Drought Community Support Initiative, which was \$3,000, but to be eligible you had to live in a local government area that was designated in drought, and that was on the basis of both rainfall statistics and employment statistics. Other drought programs rely on a different definition. What moves are we making to get consistency in defining drought and the end of drought?

Mr Stone: This was part of our review. And the question that I believe should be being asked is whether a drought is a natural disaster. At what point does it become a natural disaster? If you've been in drought for three or four years and someone like me turns up and tells you that actually you're not in a natural disaster—you haven't had a flood; you haven't had a fire—that's a very big statement to say to a very distressed person, because, as you would be aware, Senator, if something is a natural disaster it triggers all sorts of other payments and emergency support. But that is a function of government. Government changed

the definition in 1989, when all the states and territories and the Commonwealth at the time decided to take drought out of the natural disaster category.

In my evidence to the royal commission I argued not only for a single agency but also for a reconsideration of that. It's basically not fair. You have someone who might have been in the bushfires in New South Wales. They might have got burned out, right up to their fence line. Their neighbour might have helped them fight the fire. They were both in drought before the fire turned up. The one that got burned out got a \$75,000 grant courtesy of bushfires. For the person who was in drought and the fire didn't make it onto their property—situation normal; they didn't get the \$75,000. When you talk about restocking and replanting, a lot of the farmers need that leg-up at the moment to actually make a start again. If they've destocked, they've probably used their revenues to just stay on the land and keep it all going. Of course, you don't destock if you're a cropper. You're waiting for a good season but, again, you've probably spent your reserves just staying the course and you don't have the money to put in the crop. So you might say: 'Alright, why don't you go and get an RIC loan? Why don't you do this? Why don't you do that?' I tell you what, it's an easier proposition if there is an available grant that has been settled on with very strict criteria, but on the basis that it's a hand up; it's not a handout. Does that make sense?

Senator DAVEY: It makes perfect sense to me. Putting it back into the natural disaster trigger, there's still the question of what defines that point in time and how long a drought must go on for before it is declared a natural disaster, if at all.

Mr Stone: I would think that you would agree with the proposition that for those people up in southern Queensland who have just gone into their eighth year, their situation is diabolical.

Senator DAVEY: Absolutely.

Mr Stone: If you come down into parts of New South Wales, they're in their second or third year. What's the cut-off point? I will ask my chief operating officer to make a comment on this, because it's something we've talked about at length. We're out in the field, we're confronting it and we're dealing with it all the time. It's very emotional.

Mr Padovan: In the first instance, we're trying to standardise the definition across government. In terms of the point I made earlier about the 25 measures across 11 departments and agencies, those measures use a range of criteria to determine, as you flagged, the drought communities program versus the drought community outreach program, and so forth. So, in the first instance, we're working through ABARES to come up with a standardised definition at the Commonwealth level of what defines drought—whether that's rainfall, soil moisture, plant growth, hydrological factors, socioeconomic factors and so forth. We need to standardise that, and that may vary depending on the type of production, the location and so forth. But there is a body of work well underway on that front.

In parallel to that, we're also working with the states. Some states have quite mature definitions. New South Wales, for example, has the combined drought indicator. Other states, like WA, take quite a different position in terms of what constitutes drought. So there are two bodies of work in this space, but, in the first instance our focus is on making sure that we have a standard and consistent process at the Commonwealth level so that, going into the next

drought, people are well aware of what the criteria will be that determine whether they're in drought or not.

Senator DAVEY: I think that will be a relief to a lot of people—just having some indication. I think that's it for me.

Mr Stone: Perhaps I could just make the point that, at the end of the day, it's back to government—to you. We can make recommendations and we can make observations, but that's the extent of it.

Senator DAVEY: Thank you.

CHAIR: Are there any further questions for Mr Stone or the agency?

Senator SCARR: Mr Stone, I'm just having a look at the corporate plan—and thanks for providing that, it's very helpful. I'm just interested in knowing something in relation to the Regional Recovery Offices, which obviously play a key and fundamental role in terms of the interaction with the local communities. On page 11 of the corporate plan and in relation to how the country has been drawn up into different segments: some of these segments are geographical areas which cover huge areas, so I'm just interested in the feedback you have from the Regional Recovery Officers about that. No doubt, you're in constant communication with them to see how they're travelling in terms of providing the service across their geographical areas. I'm just interested in any feedback you have.

For example—just for the record—one area covers the Northern Territory and another area in relation to northern New South Wales also covers a huge area. I'm just interested in the feedback in terms of how they're going in covering those areas.

Mr Stone: They are vast areas, and it's a lot expected of 21 people across Australia. But we operate within the resources that are available. I've now travelled with every Regional Recovery Office except in Western Australia. You get a real feel for how effective they are on the ground.

I'll just invite our director of engagement and communications, Kate Woodbridge, to step up. Kate manages the RROs directly so she can give you the insight as to our expectations. It's best that you hear it from the horse's mouth, rather than me simply reciting briefings.

Senator SCARR: Absolutely.

Ms Woodbridge: I look after the community engagement team. We have expanded the team as we've rolled out. We started off with 15 originally and as we see the need for more resourcing in each state we expand the team as best we can. We have 21 at the moment and we're putting an extra person into Western Australia and an extra person into the Northern Territory.

Senator SCARR: Sorry—I'll just interrupt you there. When you put an extra person into Western Australia, that means Western Australia will have three—you'll go from two to three?

Ms Woodbridge: To three, yes.

Senator SCARR: Right.

Ms Woodbridge: The map that you've just been given has the new zone that we've identified as needing more resourcing.

Senator SCARR: In performing your role, how do you make sure that—and here they are, here are the names—say, Jane, who is handling the Northern Territory, which is a big job and I can barely get my head around how big that job is, is getting all the support that she needs from you? Obviously, the coordinator-general has referred to how he's spending time on the ground with each of them, and that shows great leadership, I think. But how do you ensure that they're getting all the support they need and that they're not overwhelmed by the task? I can imagine—well, I can try to empathise—that it's a huge job for each of them?

Ms Woodbridge: It is, yes.

Senator SCARR: So what strategies do you have in place to provide support to them and to provide collegiality, I guess, across the group when they're trying to deal with that huge geographic area and all of the different communities within it?

Ms Woodbridge: In the first instance, we've picked people from the regions. They have good networks and good links into state departments and natural resources management bodies; they have a whole network existing on the ground just because they're local people. The coordinator-general is very strong on the fact that all people in the agency must get out and travel—they must get mud on their boots and dirt under their fingernails. In more recent times, and as travel restrictions have allowed, we've ensured that people from the policy teams get out and support them, and get a feel for what's happening on the ground. It's the same with our corporate teams and our media team. So we have a whole movable resource with other agency staff, and they're there to support those Regional Recovery Offices, as well as the coordinator-general, who travels with them.

I've also been out on the road, touching base with my team. As executives, we get out on the road, but all staff across the agency are also expected to support that regional team.

Senator SCARR: Do you have any thoughts, and this might be a question to the coordinator-general or chief operating officer, in relation to what the optimal size is? You've increased the number, and there were questions about staff levels—and I'm looking at this thinking, gee whiz, this is a lot for these individuals. Do you have any thoughts as what the optimal number would be if this were to become a permanent feature of how we respond to natural disasters?

Ms Woodbridge: At the moment, the number's almost right. I think some of those states, particularly Western Australia, could do with another one, but, in terms of the resourcing for our agency, the numbers are pretty right. They also link in with other Australian government regionally based staff. There are 12½ thousand other regionally based Australian government staff. Part of our agreement is to network those people and build a big database map of who's where. As we identify needs, somebody might want business help, so we'd call the tax office or the Regional Investment Corporation person, and we can mobilise those other Australian government staff to provide services that are needed on the ground.

Senator SCARR: Excellent. Thank you for that.

Mr Stone: They are very much my eyes and ears out in the community and they are racking up, between them, 10,000 kilometres a week, at the moment, so we're certainly out and about.

CHAIR: Thank you, Mr Stone, and all your officers for your work and for your attendance here and evidence this afternoon. It's been greatly appreciated.

Mr Stone: Can I renew the invitation to members of the committee who would like to accompany us on any of our forays out there? It's very welcome, to have people onboard. We do have some trips coming up and I'm happy to advise what's available. I think I have to follow a process, in terms of opposition members, but I've had no pushback. So I thank you for your support in the work of the agency.

CHAIR: Thank you for that kind offer. It is noted.

Australian Public Service Commission

[17:48]

CHAIR: I welcome Mr Peter Woolcott, Australian Public Service Commissioner. Do you wish to make an opening statement?

Mr Woolcott: I do not have a formal opening statement but I'd like to table the current organisation chart for the Australian Public Service Commission, if the committee agrees.

CHAIR: Please, yes.

Mr Woolcott: We have physical as well as digital copies, to assist. We look forward to your questions.

Senator GALLACHER: This has changed some key personnel since the annual report was tabled, I think. Has that one come round?

Mr Woolcott: Yes, it has.

Senator GALLAGHER: Thank you. I have some questions following up from my letter to you about the purchase of the Leppington Triangle land. In your letter to me you said that you became aware of matters around the purchase of this, through the audit report, I think on 22 September, which I think was the day after the report had been tabled. How did you become aware of the audit report?

Mr Woolcott: I became aware of the audit report from media reports on the 22nd.

Senator GALLAGHER: You weren't aware of it—

Mr Woolcott: Not before. I had not been consulted before then.

Senator GALLAGHER: You read the media reports. Have you read the report?

Mr Woolcott: I have. On 23 September I received an email from the Auditor-General forwarding me a copy of the Auditor-General's report and recommending that I look at it.

Senator GALLAGHER: You've read the entire report?

Mr Woolcott: I have.

Senator GALLAGHER: Did you get briefed by your officials on it?

Mr Woolcott: No, I just read it.

Senator GALLAGHER: Did you seek a follow-up or advice on some of the issues?

Mr Woolcott: I spoke to the Auditor-General on 23 September.

Senator GALLAGHER: After the 23rd?

Mr Woolcott: On the 23rd.

Senator GALLAGHER: When he alerted you to it.

Mr Woolcott: My apologies. I spoke to him on the 24th—the next day.

Senator GALLAGHER: So you read it on the 23rd?

Mr Woolcott: Yes.

Senator GALLAGHER: And following his email to you, you then called him on the 24th?

Mr Woolcott: That's correct.

Senator GALLAGHER: You initiated that contact?

Mr Woolcott: Yes.

Senator GALLAGHER: After you read the report, what were your initial thoughts and actions that followed from reading that report?

Mr Woolcott: I was obviously concerned by the report and some of the comments made in it around these concerns about the ethics of what happened and the value, in terms of the Australian public and Australian government—and the processes and culture.

Senator GALLAGHER: What was the reason behind calling the Auditor-General the next day?

Mr Woolcott: My first thought was to thank him for sending it to me and bringing it to my attention. I obviously take the allegations contained in the report very seriously, particularly the fact that he believed the operations of the department had fallen short of ethical standards. I wanted to ask him if there was anything else in the nature of the report that he wanted to bring specifically to my attention.

Senator GALLAGHER: And was there?

Mr Woolcott: No, he wanted to make sure that I was across the details of the report, and the depth of his concerns.

Senator GALLAGHER: He left it for the report to—

Mr Woolcott: Speak for itself.

Senator GALLAGHER: And that contained all of the issues as far as he saw it from his point of view?

Mr Woolcott: Yes.

Senator GALLAGHER: Did you discuss with him things that you might do in response to receiving this report?

Mr Woolcott: I took a file note. It's not in the file note, but I think I may have said that I would speak to the secretary of the infrastructure department about it.

Senator GALLAGHER: Which you subsequently did.

Mr Woolcott: Which I did.

Senator GALLAGHER: On 25 September, the day after you spoke to the Auditor-General, you spoke to Mr Atkinson.

Mr Woolcott: Correct.

Senator GALLAGHER: So it took three days to contact the secretary of the department. Why was that? I will leave you to answer that rather than putting words in your mouth.

Mr Woolcott: It may have been a weekend—I'm not sure. That may have been the reason why I didn't call Mr Gaetjens, but you can check the accuracy of my evidence there.

Senator GALLAGHER: The 25th was a Friday. That is when you spoke to Mr Atkinson. But that was four days after the report was tabled. Are you comfortable that it took four days to contact Mr Atkinson?

Mr Woolcott: I wanted to speak to the Auditor-General first.

Senator GALLAGHER: But your first response wasn't to speak to Mr Atkinson about some of the issues that were raised?

Mr Woolcott: My first response was to read the report. My second response was to speak to the Auditor-General and then, sequentially, my next step was to speak to Mr Atkinson.

Senator GALLAGHER: Did you ask Mr Atkinson why he had not come to you with any of the issues that have been raised with him throughout the course of his reflecting on the audit process and some of the issues being drawn to his attention?

Mr Woolcott: No, I didn't.

Senator GALLAGHER: Would you normally expect the secretary of a department with a serious audit like this underway to come to you and at least discuss some of the issues that were obviously being raised with that department?

Mr Woolcott: I speak to Mr Atkinson regularly on a range of matters. I assume that he would have just been getting on top of the report and doing his own due diligence around what he needed to do to address it, before he had a conversation with me. But he is someone I speak to regularly about a whole range of issues.

Senator GALLAGHER: In a general sense, if a department is investigating staff for potential breaches of the APS code of conduct, would you and the commission normally be notified?

Mr Woolcott: No, if it is a sense of—

Senator GALLAGHER: If it escalates? Where they are serious—was there a threshold?

Mr Woolcott: If the practice is—and it is only the practice—that if there is an SES officer involved, they would normally advise us of this and often consult with us around handling strategies. That depends on the level of the officer who has been accused of a breach of the code of conduct. And there is practice.

Senator GALLAGHER: But in terms of your line of sight of the issues raised in the Leppington Triangle audit, you had no line of sight on that until you read media reports?

Mr Woolcott: Correct.

Senator GALLAGHER: In your letter back to me and Ms King, you said that you contacted the secretary of the Department of the Prime Minister and Cabinet on 28 September.

Mr Woolcott: That is correct—Mr Gaetjens.

Senator GALLAGHER: Do you have a time for when you did that?

Mr Woolcott: Yes, I do. It was the morning. It was coincidental but it was just before I received your letter.

Senator GALLAGHER: So, coincidental?

Mr Woolcott: Yes.

Senator GALLAGHER: Would you be able to take that on notice?

Mr Woolcott: I can answer that. I received your email and the letter from you and Ms King after I had spoken to—

Senator GALLAGHER: All right. You initiated that conversation with Mr Gaetjens?

Mr Woolcott: Yes.

Senator GALLAGHER: And you are confident you had that conversation before the letter arrived from Ms King and I?

Mr Woolcott: Yes.

Senator GALLAGHER: Can you explain to me why it took six or seven days—it's a full week—to contact the head of the public service about a pretty damning audit report, and why he might not have picked up the phone and talked to you, as well, before that?

Mr Woolcott: In terms of integrity in the public service, under the Public Service Act a lot of that responsibility falls to me. Mr Gaetjens is head of the Public Service but the integrity issues largely fall to me to manage within the Public Service.

Senator GALLAGHER: But you were worried enough to ring him. What did you ring him about?

Mr Woolcott: I just wanted to let him know that I had spoken to the Auditor-General and to Simon Atkinson and that I was comfortable with the way that Mr Atkinson was proposing to handle the issue. I thought that he needed to be advised of that.

Senator GALLAGHER: I might come back to how you satisfied yourself that the department was handling it appropriately at that point in time. Have you spoken to anyone in the Prime Minister's office, or the Deputy Prime Minister's office, about this audit report?

Mr Woolcott: No. But, for the sake of completeness, Mr Tudge, the cities minister, rang me on 13 October about the matter.

Senator GALLAGHER: What was that call for? Was it to check to see if you were doing—

Mr Woolcott: He wanted to know if I was comfortable with the way the secretary for infrastructure was handling the Leppington Triangle issue.

Senator GALLAGHER: Did you respond that you were?

Mr Woolcott: I responded that I was.

Senator GALLAGHER: How are you satisfying yourself that the department is handling this appropriately?

Mr Woolcott: Apart from conversations with Mr Atkinson, and there has been more than one conversation—

Senator GALLAGHER: How often do you speak?

Mr Woolcott: I do speak to him pretty regularly. There were a number of conversations after the 25th where he updated me on what he was doing in terms of managing the issue.

Senator GALLAGHER: Have you asked to be kept informed?

Mr Woolcott: Yes. I am sure he would have done so anyway.

Senator GALLAGHER: Is that an informal request from you, or is there some sort of formal—

Mr Woolcott: Entirely informal. It's an entirely informal request. Why was I comfortable? Mr Atkinson wrote to me on—I need to find the date for that letter—6 October. He wrote to me and set out all the steps he was taking. Apart, obviously, from accepting the recommendations in the Auditor-General's report, there was a range of things he was doing. The independent investigation around the code of conduct—he was proposing to have Vivienne Thom, who I think he has appointed to do that investigation and who is someone we know and have the highest regard for, so there's a level of comfort in that. He also talked about the wider audit he was proposing. He also talked about the independent review of systems, processes and culture. He also talked about a number of protocols set out in the letter that he was setting up to make sure something like this shouldn't happen again in the future. So, in my view, the secretary of infrastructure had been particularly thorough in checking all the bases on this.

Senator GALLAGHER: When he wrote to you—I'm not sure if you're able to provide a copy of that letter to the committee, but it might be useful if you are. I'm happy for you to take it on notice.

Mr Woolcott: Can I take it on notice?

Senator GALLAGHER: Yes. He's outlined a range of processes to ensure that this doesn't happen again.

Mr Woolcott: If I could say, Senator, it was a letter addressed to both myself and Mr Gaetjens.

Senator GALLAGHER: But not a response to anything that you or Mr Gaetjens had—

Mr Woolcott: No.

Senator GALLAGHER: Right. So it's an own-initiative letter to you to outline how he was handling it. Do you take the admission that all these processes are being put in place to ensure that this shouldn't happen again as an acknowledgment that what has happened here has fallen well short of what you would expect from a Public Service agency?

Mr Woolcott: I think the Auditor-General made that very clear. But, again—

Senator GALLAGHER: You're not contesting that?

Mr Woolcott: I'm not contesting that, no. Although I've got an open mind as to whether it's confined to that particular Western Sydney unit. Certainly, in the conversations I've had with Mr Atkinson, he believes it's confined to that unit. But obviously we will see.

Senator GALLAGHER: Following that letter of 6 October, you have an informal arrangement that Mr Atkinson will keep you updated. Are you going to seek copies of all of these reviews and audits that have been put in place? Will you have some sort of oversight role to that?

Mr Woolcott: I won't have an oversight role, but I'm sure that Mr Atkinson will be happy to share it with me.

Senator GALLAGHER: But the commission isn't involved in an ongoing way with responding to the audit report or the changes that are going to be required?

Mr Woolcott: We're comfortable with the people he's appointed to conduct the various independent investigations and audits. We would obviously be interested in seeing the outcome of those investigations and audits. As I say, I'm comfortable with the way the process has been handled to date and I have full confidence in Mr Atkinson in this regard.

Senator GALLAGHER: In terms of Mr Tudge contacting you, that's in his role as Minister for Population, Cities and Urban Infrastructure, is it?

Mr Woolcott: Yes.

Senator GALLAGHER: He has some oversight role of the City Deals and things, does he? Is that his interest in this?

Mr Woolcott: I'm assuming so. He initiated the contact with me. That would be my understanding.

Senator GALLAGHER: But the responsible minister would be the infrastructure minister, I would presume.

Mr Woolcott: As I said, it was Mr Tudge who rang me.

Senator GALLAGHER: You just had that one conversation with him, and that was after you'd received the letter so you were able to say that and that you'd had a number of talks. Okay. In terms of your powers under the act: you have powers to conduct investigations into potential code of conduct breaches if you're asked to do so. Is that right? If the agency head or the Prime Minister requests that you investigate and you think it's a good idea?

Mr Woolcott: There are four sets of powers under there. One relates to investigations into agency heads, and something just has to come to my attention for that to start. I have to be asked by the departmental secretary, or agency head or the Prime Minister for investigations into APS employees. Then I have broad powers to undertake a system review where there's evidence to indicate a serious and systemic issue under the act. But, again, the agency head or the Prime Minister would need to ask me to undertake such a review. There are also special review powers which allow me to conduct a review into any matter relating to an agency or the functional relationship between agencies. But the Prime Minister would need to ask me to conduct such a special review.

Senator GALLAGHER: And he hasn't, at this stage, in relation to Leppington Triangle?

Mr Woolcott: No. Obviously, there are a whole suite of reviews or investigations underway at the moment.

Senator GALLAGHER: But you're somewhat more independent, I would assume, than the department. In the audit report, one of the things the department is criticised for is the fudge it did on the internal review it did of its own performance as a response to the Auditor-General's request for information.

Mr Woolcott: Yes, that's correct, but what you've got is an independent investigation by Dr Vivienne Thom and a wider audit now done by Mark Harrison. Both of them are people of the highest regard, and they're independent, so I would say the system is working.

Senator GALLAGHER: In terms of the reviews that have been commissioned by Mr Atkinson: did you have any opportunity to comment on terms of reference or the processes, or were you advised once they had all been determined and the work had been commissioned?

Mr Woolcott: No, I was not consulted on the terms of reference.

Senator GALLAGHER: Or the approach; it was sent to you as an FYI?

Mr Woolcott: I was advised as to who the investigator was.

Senator GALLAGHER: But they were commissioned by then, I presume?

Mr Woolcott: Yes.

Senator GALLAGHER: When did you become aware that the AFP were involved?

Mr Woolcott: I might take that on notice, because I think I was advised informally about that a couple of days ago.

Senator GALLAGHER: By Mr Atkinson?

Mr Woolcott: By my office, in my office.

Senator GALLAGHER: By your office—so colleagues you work with at the commission?

Mr Woolcott: Exactly.

Senator GALLAGHER: Recently?

Mr Woolcott: Yes, recently. I can't give you an exact date for that, but that was discussed in today's estimates.

Senator GALLAGHER: I was more interested in when you become aware, and you can't recall that.

Mr Woolcott: I can't recall an exact time.

Senator GALLAGHER: It was a member of staff of the commission who told you.

Mr Woolcott: Yes.

Senator GALLAGHER: Do you know where they had picked up that information?

Mr Woolcott: No, I don't. That's why I'd like to take that on notice.

Senator GALLAGHER: If you can that would be good. Have you had any contact with the AFP? Have you contacted them about this?

Mr Woolcott: No.

Senator GALLAGHER: And they haven't contacted you?

Mr Woolcott: No.

Senator GALLAGHER: In terms of your role as commissioner: it seemed to me when I read this audit report that you don't get audit reports like this. They're not routine audit reports in terms of the issues that were raised. I looked at it and you touched on that it fell short of ethical standards; there was an inadequate response by the department to questions raised by the audit office; there was inconsistency with effective and ethical stewardship of public resources; there were probity risks; dodgy valuations; decision-makers were not advised; meeting and communication protocols were not followed; there was poor advice overall; and people signed off financial statements which were clearly inaccurate, including at the secretary level. It seems to me that these are pretty substantial criticisms in terms of how a department is operating. Is there any follow-up work you think the commission needs to do to assure yourself that this is an isolated issue and that the standards that you're responsible for, the directions that you set out—including ensuring good governance and upholding the integrity of the APS—are being protected?

Mr Woolcott: Thank you, Senator. Clearly there are issues here that make for very grim reading in the Auditor-General's report. What I would say is that the system is working; the checks and balances built into the system are working. The Auditor-General—the ANAO and the Auditor-General—did a very thorough job. I believe Mr Atkinson is now doing a very thorough job in responding to that. I'm sure that Vivienne Thom, Mark Harrison and the AFP will all do a very thorough job. And whether it's confined to one particular work unit or wider than that, all this will come out in the wash. Obviously, I take integrity enormously seriously in terms of the Australian Public Service: that is part of my role. Whilst I don't believe there is a burning platform in terms of integrity in the Public Service—I think our standards are very strong and very high—there's always a lot more that we can do. The Thodey report talked about the importance of building on the culture of integrity in the Australian Public Service and the Prime Minister and the government's response to the Thodey report endorsed that aspect, and in fact talked about mandatory training on integrity for public servants. So where—

Senator GALLAGHER: It needed to happen a few years ago down in that unit! The \$30 million is essentially lost to taxpayers by this.

Mr Woolcott: I can't prejudge what the outcome of the various investigations will be.

Senator GALLAGHER: But from a systemic point of view you're satisfied that you don't need to do anything further in terms of the issues raised by this audit report?

Mr Woolcott: No. Obviously, I will want to see the outcome of this. But in terms of the issue of the Leppington Triangle land purchase, I think all bases have been covered in terms of the response to that by the department of infrastructure. Obviously, I'm concerned about wider issues around integrity and making sure we build our institutional integrity—there's always more we can do. That's a wider issue. In fact, I have Stephen Sedgwick, one of my predecessors and a former secretary, doing a major review for us on integrity and integrity training. He'll report to us on 31 October.

Senator GALLAGHER: The budget includes quite a lot of bringing forward of large amounts of taxpayer funds for infrastructure, for projects. The Western Sydney unit—

CHAIR: I might quote you on that, Senator Gallagher—the issue of contention, I might quote you on that: a lot of bringing forward of infrastructure spending.

Senator GALLAGHER: I think we're accepting that it's being brought forward in enough haste, perhaps. Whether it's new money, I think you'll find some disagreement, but—

CHAIR: I wasn't encouraging—

Senator GALLAGHER: No-one is saying this budget isn't a big-spending budget with large pockets of funds being administered from departments in relatively speedy time frames. From a good governance point of view, from your point of view, how do we manage some of the risks of elevated spending levels and time pressures to deliver for a Public Service that isn't perhaps geared for getting this scale of money out the door and when we've got audit reports like this?

Mr Woolcott: Yes—hopefully it does raise some flags. If you look at how the secretary of infrastructure responded, he is setting up a whole system of protocols around this. I'm sure this is probably not the last ANAO audit that might take place in this area. There will be lessons learned from this in terms of how these issues are dealt with into the future.

Senator GALLAGHER: The issue with audit reports, though, is that they usually look backwards on things rather than putting in place measures to protect going forward. You mentioned the Thodey review. It did recommend an enhancement of your integrity powers, which the government rejected as part of its response. Why did they reject the recommendation, which would have given you the capacity to have your own motion powers to initiate investigations and reviews? Do you know why?

Mr Woolcott: No. That's a matter for government.

Senator GALLAGHER: But they never told you? It's a recommendation specifically about your function and your role, which they've said no to. Did they consult you on it? Did they explain why they didn't think it was a good idea? Or, did you advise them against this recommendation?

Mr Woolcott: No, I didn't advise them against it. But my own view is I think my powers are sufficient under the act, and any change would have required legislation, which can be complex.

Senator GALLAGHER: What do you mean—in terms of passage through the parliament?

Mr Woolcott: Yes.

Senator GALLAGHER: I don't know that there are too many problems with getting strengthened integrity measures through the parliament.

Mr Woolcott: As I said, my own view is that my powers are sufficient.

Senator GALLAGHER: So you don't think you need own motion powers to investigate or initiate investigations or review?

Mr Woolcott: I've got close to that in terms of agency heads. It just needs to be brought to my attention that it's a concern. In regard—

Senator GALLAGHER: But, in this instance, that would mean you'd have to have a problem with Mr Atkinson.

Mr Woolcott: Yes.

Senator GALLAGHER: Which you don't have.

Mr Woolcott: I have no problem with Mr Atkinson.

Senator GALLAGHER: So you are, in a sense, restrained by your powers at the moment, because your problem isn't with Mr Atkinson and this didn't happen on his watch. It happened prior to that.

Mr Woolcott: That's correct. But, can I just say that, with all the reviews underway at the moment, you still have the ability, at some later stage, for Mr Atkinson, the Prime Minister or the relevant minister to ask me to do a wider review.

Senator GALLAGHER: Has anyone from the Prime Minister's office called you about the Leppington Triangle? I think I might have asked you that before.

Mr Woolcott: I'm happy to give the same answer: no.

Senator GALLAGHER: If I was working for the Prime Minister and I got an audit report like this, I would probably want to speak to people about it, I would imagine.

Mr Woolcott: They didn't ring me.

Senator GALLAGHER: Have you briefed the Prime Minister on it?

Mr Woolcott: No, I haven't.

Senator GALLAGHER: In terms of Mr Atkinson coming back to you, do you know how quickly some of these reviews are going to report?

Mr Woolcott: I don't know whether there's a time line, in terms of the contract arrangements with the people involved. That question might best be put to the department of infrastructure.

Senator GALLAGHER: But you don't have line of sight of that?

Mr Woolcott: No, I don't have line of sight of that.

Senator GALLAGHER: Again, considering some of the issues that this has raised, do you have a sense of the need for urgency on this?

Mr Woolcott: I have a sense of the need for thoroughness in getting it right. But quick would also be good.

Senator GALLAGHER: I've got a few other questions, Chair. I don't know if other colleagues have any on this, specifically.

CHAIR: Thanks, Senator Gallagher. I'll just check if there are other questions at this stage for APSC. I have a couple. Mine are quite quick. Are you looking for a break? Because I can intercede now, if you are, or we can just continue with your questions—I don't mind.

Senator GALLAGHER: You go.

CHAIR: Mr Woolcott, I'm interested in your observations on how the public service has worked during COVID, and particularly public servants increasingly working from home during this period—obviously for very good reasons, particularly initially, early on in the crisis. We've had some evidence about that in a different place, in the COVID-19 committee, so I just wanted to get an updated view from you on a couple of things. In the first instance, I'm interested in any measures of productivity for public servants who've been working outside of the office. Do you have any data points on that that you can share?

Mr Woolcott: I might kick off, and then I might throw to Assistant Commissioner Purcell, who has been managing this in the APSC. But obviously the APS played a critical role in supporting the government's response to COVID-19 and shifting its operational model at scale. It's actually led to some real improvements in terms of how we work as a public service—the concept of one enterprise, breaking down silos and also being able to work flexibly at home at scale, and the IT systems held up. I've got to say, I'm very proud of the way the Public Service has responded to COVID-19 and the crisis and served the government and the Australian people.

Obviously the issue of productivity is a live one. This is a debate that we're having not only in the Australian Public Service but also in state public services and the private sector. So, a considerable amount of work is going to thinking about the productivity aspects of what we've achieved and in terms of the sustainability of this, and what this means in terms of the future of work. It also feeds into the workforce strategy that we're working on at the moment in the APSC. But in terms of the data points, there's a fair bit of data that we have, but I might bring the expert to the table, if I may, to talk about that.

Ms Purcell: In terms of the data points, the chief operating officers committee commissioned a working group across 10 agencies representing approximately 65,000 employees. They came together to share quantitative data points around how the APS had travelled during the COVID response and particularly the few months at the peak of it. That working group identified that there was not a significant shift in productivity one way or another, despite the large shift of people working from home. It did look at input data—things around leave balances, flextime, overtime—and also output data, such as citizen-facing metrics, how many claims were processed and those kinds of quantitative measures.

They found that on output measures there was a significant increase, obviously, in the volume of work that the APS delivered over that period, sometimes more than 50 per cent in high-priority areas. Then in terms of input data they found that staff were working longer to get the job done. In looking at leave balances and also flextime and overtime they found that there was a shift, a decrease, in leave and a marginal increase in part-time and overtime. They showed that there was strong productivity whilst working flexibly. That was complemented by a series of qualitative data gathered in partnership with the Department of Finance, who, across a number of agencies, asked a set of five engagement questions as a proxy measure of productivity. That found that there was a really strong uptick in staff engagement, a really strong sense that staff were inspired to do better work and that the internal communication was effective. Those things are really positive indicators that productivity has remained strong.

CHAIR: Just to drill down a little bit on that data, was there variation between either departments or agencies or the types of roles? Can you draw lessons out that this particular department had a really big gain in productivity and others didn't? Is it available on that level?

Ms Purcell: It's challenging to quantify how agencies have responded. The report we received was largely aggregated data across agencies. Also, the nature of the work agencies do is very different. It's very challenging to measure productivity for policy based advice and things like that.

CHAIR: Understood.

Ms Purcell: So, it's difficult to identify agency-specific, because there are so many areas of difference. Also, it's difficult to measure it in comparison with the year prior, because we were doing so many new things in the APS. So, the work isn't directly comparable.

CHAIR: Coming to what you termed the inputs—things like leave—have you noticed any trends in, for example, sick leave or personal leave? Is that up or down? Are there things you can draw out of that?

Ms Purcell: Unscheduled absences did fall. In the period from April to June they fell from 3.1 days per employee to 2.3 days per employee. That's about a quarter decrease. That's quite a significant decline in unscheduled absences.

CHAIR: What do you attribute that to? Is there any analysis on what is causing that or driving that?

Ms Purcell: We haven't done any detailed analysis. I guess it would be a number of things. If staff are working remotely, there are lower infection rates; people are actually self-isolating, so those things that may normally spread through offices don't. Also obviously

there's increased flexibility so that if people are caring for others they don't necessarily need to take that leave; they can work that through flexible arrangements.

CHAIR: I'd be interested, if you can provide it on notice, in any further thoughts that you have about that—any further analysis. That would be great. And on the qualitative data that you mentioned—because it's been one of the big questions for all employers, public sector or private sector—what's the impact on motivation of employees, on their engagement with their work, on their collegiality with each other and on collaboration? From your brief synopsis it sounds like largely that data is positive. Is that a fair summary?

Ms Purcell: Yes, very much so. There are five questions that we can benchmark against last year's employee census around employee engagement—how strongly people feel committed to agency goals, whether they feel inspired to do their best work, effective internal communication. For internal communication, there was a 19 per cent increase from the year prior. Similarly, in terms of feeling inspired to do new or better things, there was a 17 per cent increase. Over those few months when the surveys were conducted, that was significant. We are also rolling out the APS employee census right now, closing on November 13, so that will be another data point where we can see how things have actually tracked and whether that is sustained over time.

CHAIR: I have two more questions arising out of that. Mr Woolcott, have you formed any view of the value of returning to work as per normal? Do you have an objective of getting APS staff back into the office or do you think this is a permanent step-change? Just give your own reflections on that.

Mr Woolcott: Obviously, we are still working through the data, as Ms Purcell was saying. I am always worried. We do well in a crisis, the Public Service, but what concerns me is sustainability over a long period of time. The COVID-19 crisis is not going away, at least until we get a vaccine. That is the first question that I have. The second question is: what is the value of working in an office—the collegiality, the ability to bounce ideas off people and the networks you develop? There is no doubt the Public Service has always done flexible work. The figure is 22 per cent of the APS worked in some way flexibly at home pre-COVID. The figures now are getting back towards that level. The latest figures of 9 October was that 28 per cent of the APS workforce are working exclusively from home. What employers will probably look for, and we have to be thinking about this in terms of what the private sector—our competitor—is offering to attract talent in the future, is some sort of hybrid model, where people come to the office maybe for most of the week but not necessarily all of the week. One of the problems we do have in the APS is the importance of social distancing and following the health advice. For a number of agencies, including the APSC, we could not fit all of our people back into the office at one time, given the social distancing restrictions. So there are some really interesting questions that you raise, and I don't have firm answers to them. They are certainly something we need to be thinking about.

CHAIR: So perhaps some more data collection is necessary over a longer period of time for you to come to a strong view on that?

Ms Purcell: Yes. As I mentioned, we will be collecting it for census this year. It is an annual process so we can track it over time.

CHAIR: Mr Woolcott, you mentioned here and in the COVID-19 committee the extraordinary way in which public servants have been redeployed to other agencies to deal with surging needs in Centrelink, for example. Have most staff now return to their home agencies or departments, or are there still quite a significant number redeployed elsewhere?

Mr Woolcott: First assistant secretary Hetherington will have the exact data. I think it may be 400 or 300 or so that may still be at Services Australia, but Mr Hetherington will be able to provide you with the information.

Mr Hetherington: I think it is fair to say that, yes, most staff have started to return. The largest body of people still remains at Services Australia. About 292 APS is the latest data I have.

Senator GALLAGHER: Mr Woolcott, are you aware of instances where SES officers have been engaged through labour hire arrangements across the APS?

Mr Woolcott: No, I am not.

Senator GALLAGHER: Does the commission or you have a view on engaging SES officers through labour hire?

Mr Woolcott: I don't have a specific view on SES officers but in terms of the use of labour hire contractors, yes, our concern is that there is a role for labour hire and contractors.

Senator GALLAGHER: At SES level though?

Mr Woolcott: I don't see why you would exclude SES level.

Senator GALLAGHER: The Public Service Act says that senior executive service consists of SES employees. Do you think having labour hire at the SES level meets that requirement of the Public Service Act?

Mr Woolcott: I'd need to take that on notice, Senator.

Senator GALLAGHER: Take some advice on it?

Mr Woolcott: Yes, I'll need to take some advice on it.

Senator GALLAGHER: There certainly are SES officers across the APS who are employed under labour hire arrangements. How would the APS merit principle apply to the appointment of those officers? How would other things, like the executive remuneration policy, code of conduct, values—all of those arrangements—apply to an SES officer employed on labour hire?

Mr Woolcott: Well, obviously the relationship, in terms of the employment of someone on labour hire, is with the labour hire company, and the contract will often set out principles that are very close accord with the code of conduct principles, but it depends on the specific contract. These are matters which, of course, are governed by agency heads and governed by the PGPA Act—they are employed under the PGPA Act, not under the Public Service Act. I need to take on notice your specific question around SES.

Senator GALLAGHER: Do you have any kind of understanding of the level of labour hire use across the APS currently? Is it something that you've looked at?

Mr Woolcott: It is. I have some figures on that somewhere, if I can find them for you. I need to take that on notice, Senator. I can't find it immediately in my pack.

Senator GALLAGHER: So it doesn't jump to mind for you?

Mr Woolcott: No.

Senator GALLAGHER: I was going to say, are you concerned about the increasing use of labour hire?

Mr Woolcott: We actually don't collect data around contractors or labour hire. If that information is collected—because they're not Australian public servants, not governed under the act, we don't collect data on them. If that number is out there, it's either held by the finance department or by individual agencies.

Senator GALLAGHER: I will ask them as well. Presumably they don't collect the data either, across the Public Service. I guess the point I'm raising is if you look at AusTender and you type in a particular year, you can get quite a large amount of contracts valuing quite a lot of money. For example, if you use 2019-20 there's \$1.5 billion in contracts for temporary personnel services across the APS. I'm interested in whether the commission is looking at some of the impacts of that. It does have an impact, presumably, on the Public Service as an institution if you are having large parts of your workforce—we had the Aged Care Quality and Safety Commission before another committee a few weeks ago, and over a quarter of their workforce is under labour hire arrangements. One of the issues there is the staffing cap; it's been used to avoid the staffing cap. I'm wondering whether the commission has any plan to have a look at this and how it's changing the Public Service or the make-up of the Public Service, particularly if those appointments are made to the senior executive service, your leadership.

Mr Woolcott: Thank you, Senator. Obviously, a professional public service harnesses the skills it needs from a variety of sources. In terms of shorter-term employees, or particular niche skills, it makes perfect sense to go out and hire from contractors.

Senator GALLAGHER: I don't know that we're having a discussion about having none, or some. What's your level of understanding of it? Do you have any concerns about the level of it, including at very senior positions within agencies, and the impact that that might be having on the broader institution which you are a leader of?

Mr Woolcott: In terms of the make-up of an agency's employees, that's really a matter for the agency head. Of course, I mentioned to you before that under the PGPA Act they have a responsibility for employing contractors. My focus is very much on capability development and ensuring that we work on the capability side of the equation. There are a variety of ways we need to do that, and we need to do better at that. There is a need, I would argue, for contractors at a variety of different levels in the Public Service.

Senator GALLAGHER: Are you going to have a look at it?

Mr Woolcott: I'll have a look at it.

Senator GALLAGHER: Thank you. I do think it works into your capability program as well, because I think it probably impacts that. If you're hiring temporary people on contracts to do work that is ongoing at the Aged Care Quality and Safety Commission, it would certainly impact their capability. If you're just buying in people via labour hire to do permanent jobs, which it appears is being done, I think it also works into your diversity strategy and a whole range of other things too.

I only got your annual report this morning, Ms Wiley-Smith, but I couldn't leave you without asking a question! What's going on at the tax office? You made comment:

... we had a 293 per cent increase in applications compared to the same period ...

This is talking about reviews of employment actions. It goes on. You talk about the impact on your work. You say that the tax office funded a position to help you to deal with this. When you look at the breakdown, they're the stand-out in terms of review of a promotion decision. Of the 1,590 applications, 988 came from the tax office. I know they're big, but what's going on?

Ms Wiley-Smith: I'm sorry to disappoint you; I believe the part of the report that you're looking at relates to the Merit Protection Commission. So it's the commissioner's report, not ours.

Senator GALLAGHER: Right—they don't appear. Sorry, I thought you would—

Mr Woolcott: They can appear, but Ms Waugh, who is the Merit Protection Commissioner—

Senator GALLAGHER: Sorry. My apologies, Ms Wiley-Smith.

Mr Woolcott: is based in Sydney.

Ms Wiley-Smith: I was excited about getting a question.

Senator GALLAGHER: Yes, damn! So can anyone answer that?

Mr Woolcott: Can we take that on notice? There's no-one here from the Merit Protection Commission—

Senator GALLAGHER: Ms Wiley-Smith, you can't tell me what's going on at the tax office?

Mr Woolcott: but we can take it on notice on her behalf.

Senator GALLAGHER: My apologies; that's terrible. Now I do need that answer, because I really do want to know what's going on at the tax office—they're all complaining about their promotion decisions.

Mr Woolcott: We'll get that information to you.

CHAIR: I think we'll get that answer on notice. If there are no further questions for the APSC, I thank them very much for their attendance and their evidence this evening. We are scheduled to go to the dinner break at 6.45, but we are rapidly recovering the time that we lost during the day. I wonder if we agree we could get through the Official Secretary to the Governor-General now and go into the dinner break by, say, 15 minutes—to 7 pm.

Senator AYRES: We have a short amount of questions. I'm pretty confident we can get through them very quickly. We could get through them if there are no other questions.

CHAIR: Let's set that as an objective. They will join us now, and we will get through them by 7 pm.

Office of the Official Secretary to the Governor-General

[18:38]

CHAIR: The committee will now resume with the Office of the Official Secretary to the Governor-General. I welcome Mr Paul Singer, Official Secretary to the Governor-General, and officers. Mr Singer, would you like to make an opening statement?

Mr Singer: Yes, just a brief one.

CHAIR: That would be appreciated. Thank you.

Mr Singer: When I last appeared before the committee, I spoke about the Governor-General and Mrs Hurley's intention to continue visiting communities left devastated by the summer's bushfires. These visits are about listening to and comforting those in pain and celebrating and thanking those who are helping. They and the rest of Their Excellencies' program of community engagement reflect the desire expressed by the Governor-General when sworn in to highlight to Australians their inherent strengths, their concern for the common good, their humility and decency and their desire for a fair go.

Of course, due to the COVID-19 pandemic, the last six months have been very different from what we'd envisaged at the start of the year. But, importantly, while the how has changed, the what and the why have not. Over the last six months, Their Excellencies have participated in over 220 digital or virtual engagements, through events such as calls with local government and community leaders, reading children's books with families in lockdown in Victoria, round table discussions via videoconference with emerging leaders, staying connected with communities affected by the summer's bushfires, virtual physical training sessions with veterans and supporting their patronage organisations, many of which are at the front line of providing direct assistance to the most vulnerable within the community. Events such as these allow the Governor-General and Mrs Hurley to continue to uplift, celebrate and, as required, comfort parts of the Australian community. They may not have been able to physically be there with the people of Australia, but there have been many, many virtual hugs and handshakes.

Other aspects of the Governor-General's role have also gone virtual, including the first-ever virtual receipt of letters of commission from incoming high commissioners and bilateral meetings with Pacific governors-general and presidents. Of course, where the Governor-General and Mrs Hurley have been able to physically visit or host parts of a community, ensuring that events are COVID-safe has been a central focus. We've engaged with the appropriate medical experts and complied with the necessary measures. I am proud of the way the office has responded to the unique challenges of 2020 and supported the Governor-General and Mrs Hurley with their official engagements.

Finally, I note this committee's ongoing interest in the Kirribilli Point Battery precinct stabilisation project. The project is proceeding well. Excavation and dismantling of the stone retaining wall behind the historic Marine Barracks are continuing and, to date, significant cracking in the bedrock has been exposed. If left unaddressed, that would have resulted in the destruction of the Marine Barracks. The project will ensure that this is repaired and that the historic barracks are preserved. Restrictions imposed by COVID-19 have caused a brief delay, and I expect the project to be concluded early next year. Thank you, Chair. I look forward to answering the committee's questions.

CHAIR: Have any additional costs been caused by the delay or the discovery of the cracking at Kirribilli Point?

Mr Singer: I'd have to say that, at the moment, those latent conditions are being assessed. There's quite significant cracking in that bedrock foundation, which vindicates the need for us to have done the project at this time. I did have grave concerns for the preservation of the barracks, had we not completed this project. As we're currently assessing what the remedial strategy will be, it's yet unclear what the total cost will be, but it's somewhere in the vicinity

of \$3.16 million, which is close to what we'd initially budgeted. You'd recall that the office received \$1.8 million in additional funding to address this, and currently the office is wearing the shortfall through our administered capital budget.

CHAIR: Thank you for that update.

Senator AYRES: Thanks, Mr Singer, for your opening statement. The Morrison government has increased resourcing for the office of the official secretary by more than \$3 million this year. That's correct, isn't it?

Mr Singer: That's correct. It's \$18.02 million over the forward estimates.

Senator AYRES: And staffing levels are going from 73 to 83.

Mr Singer: Our ASL is currently at 80. There are an additional 2.5 positions this financial year and then an additional six the following year, in 2021-22, and an additional 3½ positions in 2022-23. It's important to note that they are temporary measures in order to deal with a discrete body of work around the National Emergency Medal.

Senator AYRES: Can you set that out for me?

Mr Singer: Of course. You'll recall that, after the summer bushfires and the devastating impact of those fires, the government announced, on or around Australia Day, its intention to recommend to the Governor-General that the summer bushfires be declared a national emergency for the purpose of the National Emergency Medal. The expectation around the eligibility criteria for that suggests that there may be tens of thousands of Australians who may be recognised by that medal. That's currently beyond our existing resources to be able to administer the predicted influx of nominations for that medal. The funding that you referred to and the additional ASL positions over the next three years reflect the administration and resourcing required to deliver those tens of thousands of National Emergency Medals to worthy Australians.

Senator AYRES: So that's 100 per cent of that increase allocated to that decision?

Mr Singer: For next year, it varies. For 2020-21 there's \$2.5 million attributed to the National Emergency Medal, and there's an additional \$317,000 which is for the modernisation of our ICT infrastructure at Government House.

Senator AYRES: Can you provide us with a breakdown of all of that?

Mr Singer: I'd be happy to. I can step you through it now over the forward estimates, if you wish.

Senator AYRES: So \$2.5 million for that decision about the National Emergency Medal—I'm sure I haven't called it the right thing. Are there similar amounts over the forwards or does that increase?

Mr Singer: What I might do for clarity is just very quickly go through it. I appreciate that the committee is short of time. In 2020-21 there is \$2.5 million attributed to the National Emergency Medal. In 2021-22, when most of the medals will be struck, purchased and dispatched to worthy Australians, there is \$5.5 million. In 2022-23 there's \$2.4 million, and in 2023-24 there's \$1.07 million. That reflects the total costs attributed to the National Emergency Medal over the forward estimates. In addition to that, there is the ICT infrastructure modernisation for the office and, as I've already said, there's \$317,000 in 2021 for that. There's an injection of funds of \$4.8 million in 2021-22 and that is largely to migrate

the office ICT infrastructure to the cloud. Then there are ongoing licensing costs associated with the relevant software in the vicinity of \$650,000 thereafter from 2022-23.

Senator AYRES: That \$4.8 million in 2021-22 is a very big number for an agency that's got 83 staff. I appreciate that some of those staff are temporary for the purposes that you've just outlined.

Mr Singer: Yes. It's important to note that that \$4.8 million has \$958,000 for departmental expenses—that includes licensing costs and the like. There's \$3.8 million which is attributed to the front and back end of modernisation costs, including the transition, as I've said, to cloud service. And that, of course, is in line with the Digital Transformation Agency's strategy and blueprint. That, really, is to address three critical risks for the office and its ICT. The first is the location of Government House; it's an isolated venue at the end of Dunrossil Drive and there's only, I think, one or two Icon cables that connect Government House with the outside world from an ICT perspective. Being a heritage-listed asset there are, of course, difficulties getting ICT access to some of the heritage buildings without compromising the fabric and the heritage value of those buildings. And then, over recent times, the office has accumulated a significant amount of what I'd call 'technical debt', largely because we have underfunded our ICT infrastructure for a number of years. In fact, benchmarking suggests that we have been operating at about 50 per cent of the costs of comparably sized agencies, and that has led us to the point where we now have technical debt that needs rectification and resolving.

Senator AYRES: I had a look at the portfolio budget statement for 2017-18, the year before Mr Morrison replaced Mr Turnbull as Prime Minister. Resourcing for your office in that year was \$19.4 million. It's projected to go to \$28 million. That's a very substantial increase over just three years, isn't it?

Mr Singer: That \$28 million you referred to, of course, reflects the short-term measures for both ICT injection of capital funds and licensing costs, and also the National Emergency Medal, which runs over the course of three years. The other addition to the figure that you quoted from several years ago is largely a reflection of the increase in nominations we've had in the Australian honours system, which, of course, is pleasing progress. There is, importantly, more work to do in that space. But that, of course, comes at a resourcing cost. The additional figures that you refer to are largely in response to those increasing nominations.

Senator AYRES: I have a couple of questions about the honours system. Can you remind the committee of the status of the knights and dames awards, reintroduced to the Order of Australia by this government, when Mr Abbott was Prime Minister?

Mr Singer: There are no knights or dames in the Order of Australia any more.

Senator AYRES: How many Australians were made knights and dames while Mr Abbott was the Prime Minister?

Mr Singer: During that period—and I am just testing my memory here—it was the exiting Governor-General, Dame Quentin Bryce, it was the incoming Governor-General, Sir Peter Cosgrove, Dame Marie Bashir, the Governor of New South Wales, was appointed a dame, and Sir Angus Houston was knighted within the Order of Australia. Then, the committee would remember that Prince Philip was knighted, as well.

Senator AYRES: I think everybody remembers Prince Philip being knighted, as well. Page 78 of your annual report says under the heading 'Write-down and impairment of assets':

The variance to budget is attributed to medals relating to Knights and Dames which are no longer awarded and have been written-off.

Can you explain what that means?

Mr Singer: There was a cost attributed to having the relevant insignia for those dames and knights purchased. With there no longer being knights and dames within the Order of Australia, those insignia hold no value.

Senator AYRES: What is the value of that write-down?

Mr Singer: I would have to confirm. It is in the vicinity of \$135,000.

Senator AYRES: How does a medal for a knight and dame differ from other medals in the Order of Australia? Is it bigger, does it come with a sword or suit of armour?

Mr Singer: There, is no sword and there is no armour, you'll be pleased to know. But there are multiple accoutrements as part of that set for knights and dames.

Senator AYRES: Accoutrements?

Mr Singer: There is a number of insignia that a knight might receive as part of their package of insignia presented by the Governor General. For a Companion of the Order of Australia, those sets are considerably less and there are fewer individual items within that set.

Senator AYRES: How many knight and dame medals did Government House produce?

Mr Singer: We don't have that on hand and would be happy to take that on notice.

Senator AYRES: When you provide it on notice, could you also tell me what it costs to produce all of those medals?

Mr Singer: Yes.

Senator AYRES: The annual report says they have been written off. How many were written off?

Mr Singer: Approximately two or three were written off.

Senator AYRES: Two or three—\$135,000?

Mr Singer: That is right.

Senator AYRES: That is extraordinary, isn't it? So Mr Abbott's decision was, if it is two or three, \$135,000—that is circa \$70,000 a medal?

Mr Singer: Our acting chief financial officer has just given me details in the background. I will invite him to the table.

Senator AYRES: I thought I heard you say, before coming to the table, that one medal has been written off.

Mr Chow: We had one medal written off—four waist badges, costing \$80,000, and one neck badge, \$15,000.

Senator AYRES: That is extraordinary. People had strong views about Mr Abbott's decision, but \$80,000—

Mr Chow: It is four of them, so it is \$20,000 each.

Senator AYRES: Have they been destroyed or are they sitting in someone's bottom drawer, in case Mr Morrison decides to come back to the idea?

Mr Chow: It has been written off, but we have maintained them in our portable and attractive register.

Senator AYRES: Can you give me on notice what it is exactly—were there special boxes, was anything else created? What was the value of each of these items?

Mr Singer: What we can do is make that very clear in terms of what a set for a knight or a dame would look like, and the value of each set.

Senator AYRES: Were a knight and dame set the same?

Mr Singer: There are minor differences for male and female.

Senator AYRES: Can you confirm that the Governor-General has accepted the resignation from the Order of Australia of Graeme Russell Lawrence, a former Anglican Dean of Newcastle and convicted child sex offender, effective from 23 June this year.

Mr Singer: That is correct.

Senator AYRES: Steve Smith, a survivor of clerical child abuse, who had campaigned for Mr Lawrence to be stripped of his award, said this when he learned of Mr Lawrence's resignation, 'I am glad it has gone but I am disappointed that he was able to resign it. At the end of the day, the man is a convicted child rapist. He should have had it stripped off him because that is all he deserved.' Why was Graeme Russell Lawrence permitted to resign his membership of the Order of Australia?

Mr Singer: I think it is important to note that within the ordinance for the Order of Australia, there are provisions around cancellations and terminations. I might just outline that process for you so that we are very clear about this. If the council agree that the person has a case to answer, I, as the secretary of that order, must notify that person in writing. In accordance with due process, that person may lodge an objection within 30 days after the date of the letter from the secretary. If I, as secretary, do not receive an objection within 35 days of the initial letter, I must write to the person and to the Council for the Order of Australia and advise that an objection has not been received. As soon as practical after receiving the objection, the secretary must provide a copy to the council and the council, after consideration, make a recommendation to the Governor-General within 30 days. As part of that two-stage process, at any time the individual has the option, and some of them wish to pursue this option available to them, to resign from the order.

Senator AYRES: And that is what you are saying happened in this instance?

Mr Singer: We initiated cancellation and termination procedures and after I had written to Mr Lawrence advising him that his membership of the order was under consideration, he elected to resign from the order.

Senator AYRES: Has the current Governor-General cancelled any other awards?

Mr Singer: There have been one cancellation and two resignations in 2019-20 year, which coincides with the Governor-General's term.

Senator AYRES: That is Lenin George Cram?

Mr Singer: In fact, that falls outside of the last financial year—that was earlier this financial year. From memory, it was last month. But there was the cancellation of Raymond Harty and two resignations: Graeme Lawrence, whom you have spoken of, and also Malcolm John.

Senator AYRES: Have other convicted child sex offenders been permitted to resign their awards rather than have them cancelled?

Mr Singer: That is an option that is available to them, as it is to any member whose membership within the order is being considered.

Senator AYRES: Do you think that is a satisfactory process, though?

Mr Singer: My opinion does not count. That is what is within the ordinance of the Order of Australia and on each of those particular occasions due process was followed and the individual member has the option to resign from the Order. They elected to do so after the action was taken to commence cancellation and termination.

Senator AYRES: Dr Peter Stuart, the Anglican Bishop of Newcastle, said:

These process of removing honours from convicted criminals should be automatic and not be reliant on community pressure.

Don't you agree that it is time to review the way that this process works?

Mr Singer: It is a very timely question. There is a body of work going into how cancellations and terminations can not only meet the requirements of the ordinance but also meet contemporary community expectations, to ensure that the Order of Australia continues to be in line with community expectations and evolves as necessary to achieve that.

Senator AYRES: It really is unacceptable for it to continue this way. What is the timetable for that review?

Mr Singer: That's a body of work that's being undertaken at the moment. I should just point out that the Chairman of the Order of Australia has recently made clear around cancellations and terminations that all legal proceedings have to be exhausted before the council, under the current ordinance, can be in a position to make a recommendation to the Governor-General. That is the approach that the council takes, and of course the Governor-General acts on that advice.

Senator AYRES: Are you able, on notice, to provide us with an outline of the timetable for that review and a likely conclusion date?

Mr Singer: Yes.

Senator AYRES: I have other questions that we'll put on notice in relation to some other matters. Thank you.

CHAIR: Thank you. I'd be grateful if you did that. If there are no further questions for the Office of the Official Secretary to the Governor-General: thank you very much for your attendance and your evidence here this evening. The committee will now break and will return as scheduled at 8.15 pm, having made up that time we lost with the Office of National Intelligence.

Proceedings suspended from 19:00 to 20:16

Office of National Intelligence

CHAIR: The committee will now resume. I welcome Mr Nick Warner, Director-General National Intelligence, and officers of the Office of National Intelligence. Mr Warner, do you wish to make an opening statement?

Mr Warner: On this occasion, I would not mind taking a few minutes, if I could, please.

CHAIR: You are very entitled to.

Mr Warner: Thank you. The national intelligence community, the NIC, provides the government with, if you like, a trip-wire for when Australia needs to be concerned. In a sense, intelligence acts as a guardrail to policy. This year, 2020, has been a tough year for the NIC, as it has been a tough year for everyone in Australia. But through this year, the NIC has, I would argue, ensured that the government has been able to make informed decisions on a wide range of important issues to Australia, including to Australia's security. As we all know and remember, AGO—the Australian Geospatial-Intelligence Organisation—AFP and other agencies worked through the summer, supporting the bushfire response. The Office of National Intelligence, the Defence Intelligence Organisation and others in the national intelligence community were tracking the coronavirus well before it was declared as a pandemic. Since those early days, we, as a community, have been tracking all aspects of the pandemic, whether it is the outbreaks around the world, the origins of the virus, vaccine development, and the impact of the virus, the pandemic, on countries in our region, and even more broadly.

I would argue that the NIC has been agile and it has been responsive, ensuring that the government has accurate and verified information, information needed for it to make tough decisions, the right decisions. That information coming to the NIC has come both from open source and from covert collection. In doing all that, while we were doing all that, we in the 10 NIC agencies also ensured that our officers remained safe and secure both here and overseas. As well as doing that, the NIC has provided extensive reporting and analysis to government as it, the government, has navigated a much more uncertain and complex strategic environment, including China.

Overall, the challenges facing Australia are becoming more complex and the demands on the national intelligence community more intense. Whether we're talking about espionage or counterterrorism through to newer challenges—supply chains, national resilience, critical minerals, rare earths, research and development of technology, or telecommunications—the NIC is, if you like, a linchpin to gather information and intelligence, and to inform policy and government. We're doing this work against the backdrop of a more challenging operating environment for the NIC, emphasised by COVID but accelerating because the Indo-Pacific region is marked by greater strategic complexity and competition. I finish as DG in a couple of months, having led a high-performing and, as I said before, agile National Intelligence Community. While the challenges for Australia are intensifying, Australia now has, I believe, having served in it for a number of decades, the intelligence community it needs to successfully face these challenges. That is the end of my statement.

CHAIR: Thank you, Mr Warner. Can I thank you, on behalf of the committee, for your very significant career of public service at the highest levels, and, particularly in recent years,

in the area of national security safeguarding Australia's interests. The committee's been very grateful for your service and your cooperation with this committee. Thank you very much.

Senator WONG: Mr Warner, I also want to put a couple of things on the public record in this committee hearing. Given the timeframe, this is probably your last Senate estimates, which I'm sure that you will be very sad about!

Mr Warner: I am!

Senator WONG: I want to express my personal appreciation and, on behalf of the opposition, our appreciation for your work over many decades of public service to the nation. You are someone who has always been dedicated to delivering Australia's national interest over the broad spectrum of portfolios within which you've worked—defence, foreign affairs and intelligence roles, and much of it have been behind the scenes. I think that kind of loyalty to country and leadership is the sort of patriotism that really needs to be honoured and recognised. So I do that today. I also want to thank you for your engagement with the opposition. The access to briefings that you have enabled has, as you said in your statement, been at a time when having an understanding of the assessment of the NIC consequences has been very important for the polity, including the opposition. We've certainly appreciated that, and I place on record that I think that is a very important function that ONI has provided to the opposition as well as to the government. You also recognised in your statement that the structural changes to the intelligence community are critical at a time when Australia is adjusting to probably the most challenging circumstances since the end of World War II. I will ask some questions about that, but I wanted to start at the outset by just making those comments on the public record. Obviously there are not many people here to hear it, but I hope you do.

Mr Warner: Thank you. I much appreciated the comments from both of you.

Senator WONG: I first wanted to go to the point that you and I discussed on a previous occasion, which is the importance of 'intelligence assessment and advice being non-partisan.' You and I had a discussion about this a couple of years ago, actually, and you made the point that you would always ensure that this is the case. I wanted to ask you again to expound a little on why that is so important.

Mr Warner: I would hope the answer is self-evident. For governments of any political persuasion, anywhere in the world, to make the right decisions about complex and challenging policy questions to do with national security you need to have clear, precise and pristine assessments based on the best intelligence collection that that country has. That's as much the case for Australia as it is for any other country in the world. In my long time working in intelligence, I think that has always been the case in Australia. Maybe the intelligence collection or assessment hasn't always been as good as it should be but, as far as I am concerned, it has never been tainted or corrupted by any political bias. That's the way it has been, that's the way it is now, and I'm sure that's the way it will remain in the future—and it needs to.

Senator WONG: The risk of that not being the case has been discussed—some might say demonstrated—in other jurisdictions. Certainly there has been public discussion about that in relation to the United States intelligence community and some of the discussions about the origins of the virus.

Mr Warner: Sure. There has been public discussion, but I hope you'll understand that I'm not going to go into a—

Senator WONG: I referenced 'public discussion' deliberately. I wasn't going to ask you about the content; my point was going to be that it became an issue of public discussion and political contest.

Mr Warner: And it's very important, in a democracy like Australia, that that not happen. It's very important that there be a robust discussion about national security, including about the role of the intelligence community, but it's very important that the intelligence advice and assessment going to government is, as I said, pristine.

Senator WONG: What you do with the advice might be contested. Are you able to give us a bit of an assessment of how the establishment of the NIC and the transition from ONA to ONI has gone?

Mr Warner: Sure. I think I did this last time, but I'm happy to update the committee.

Senator WONG: It was a long time ago now. We skipped a round of estimates.

Mr Warner: We all missed it!

Senator WONG: Okay, now you're lying!

Mr Warner: I started in ONA, as did Paul Taloni, just less than three years ago and we transitioned ONA to ONI just less than two years ago. It is not a very long period of time. Personally, I think we've done remarkably well to change what was a very good intelligence assessment organisation—and had been for 40 years—into something that retains that very strong capability but now has what we call an enterprise management element, which is implementing the newest part of the ONI mandate to integrate and coordinate the entirety of Australia's intelligence community. So we've built up staff. We've recruited some of the best and brightest from around Australia, including from the intelligence community. And we've built the structures that now allow us to much better put to government what we think should be the priorities for collection and assessment and the structures that allow us to better evaluate the intelligence community.

On the assessment side, and you've heard me say this before, we were always strong and we are just as strong now. Now what we do differently is that we give the government, each working day, a very short document on the most important intelligence that has come to Australia in the past 24 hours, with a precise and succinct summary of what it means. I think that document has become the go-to document in the government and the national security bureaucracy since we began it just over a year ago. So I think the changes have been quite profound for ONI.

As for the NIC, if you remember, we used to have the Australian Intelligence Community of six agencies, and we now have the NIC of 10. I think bringing in the four other agencies and entities has been important for them but also for the rest of the Intelligence Community. We're getting much better integration and cross-fertilisation and a much better understanding of the roles, mandates and activities of each of the 10 agencies. The bottom line is that we're getting a bigger bang for our buck.

Senator WONG: Which was the objective. Thanks for that. One of the concerns that were raised through this process was that obviously the NIC is spread across a number of

portfolios, and there was some comment: how would that integration work, how would the coordination work, and, for the person in your position, how would the fact that some of the NIC agencies reside in other portfolios affect that coordination? So I wonder if you might respond to that. How do you think progress on that front is going? Is it five out of 10 that are in Home Affairs? Given the fact that that's a different portfolio and there are different ministers and different heads of agencies, how do you see that those sort of structural challenges are being dealt with?

Mr Warner: It really is a complex structure that we've been given to work with. The 10 agencies work to four portfolios and ministers. As you say, five reside in Home Affairs. Three reside in Defence and one in Foreign Affairs, and we work to the Prime Minister. So, when we are looking for efficiencies or how we optimise language training for the Intelligence Community, we're not just dealing with 10 agencies; we're dealing with a number of portfolios and a number of ministers. So I'm not going to sit here and tell you that we have solved this, we've cracked it and this is a perfect construct that is working seamlessly now. This is probably a 10-year project, but probably, like any bureaucratic process, it will evolve through the years and through the decades. But, again, the bottom line is that it's much better now than it was when we started three years ago. It's just that we're going to have to continue to be focused and work on ensuring that it is as seamless as possible and that, where there are bumps on the road, we can navigate them in a commonsensical way. It's heading in the right direction.

Senator WONG: Okay. Given this is your last estimates, would you like to proffer some options for structures which might optimise coordination?

Mr Warner: I think the structure is okay. It's just that, because there are overlapping responsibilities, mandates and authorities, it's a matter of ensuring that they're gently interlinked and work sensibly, and we're getting there.

Senator WONG: The Hope commission's principles around the importance of intelligence and policy determination remaining separated—are you satisfied that that principle continues to be able to be observed in the context of structures that we now have?

Mr Warner: Yes, I am. I don't think there has been any diminution in that. Over the last couple of years, particularly in respect of China, there's been a lot of media commentary about what they call security agencies, which I presume mean intelligence and security agencies, taking control of policy. It's a load of baloney. Policy continues to be made by government, by ministers, by the Prime Minister on the advice of policy departments, not on policy advice from intelligence agencies because that's not our role. What intelligence agencies do, assessment agencies, is provide those pristine assessments, that we were talking about before, that informs policy formulation, and options that go to government.

Senator WONG: But we do have departments which have agencies which are members of the NIC, therefore, policy departments which also have, I suppose, an intelligence or an assessment function within the same structure?

Mr Warner: The Defence Intelligence Organisation sits within the Defence department and under the CDF and the secretary. But, I promise you, I have never seen any—

Senator WONG: No, I—

Mr Warner: But there is nowhere elsewhere that fits. ASIS sits within the foreign affairs portfolio, but the Director-General of ASIS doesn't report to the secretary of foreign affairs, he reports to the Minister for Foreign Affairs.

Senator WONG: Are there any intelligence functions within home affairs?

Mr Warner: I used the word 'entity' before. There is an intelligence entity in home affairs that is part of the NIC. Less clear to me are the specific functions of that entity, but as far as I see—

Senator WONG: What's it called?

Mr Warner: The intelligence division, I think.

Senator WONG: What does it do?

Mr Warner: You will have to ask home affairs that question. Over the past 22 months I have not seen that entity providing policy advice to the government.

Senator WONG: But there's not a separate line of report, as there is with the other entities that you described?

Mr Warner: No. It is part of the department.

Senator WONG: Which is unusual?

Mr Warner: It works to the secretary and works to the minister—

Senator WONG: Which is unusual, in the community, isn't it?

Mr Warner: Just thinking of the other nine, yes.

Senator WONG: The inspector-general, the oversight function—was it the case that the L'Estrange and Merchant review did recommend the additional NIC agencies come under the remit of Inspector-General of Intelligence and Security?

Mr Warner: I wouldn't mind taking that on notice, but I think so.

Senator WONG: I don't think that's occurred.

Mr Warner: I'm not sure. I'm sorry.

Senator WONG: I was going to ask you about risks associated with that.

Ms Littlehales: We would have to take that one on notice.

Senator WONG: The risks or whether or not it was recommended?

Ms Littlehales: It was one of the recommendations.

Senator WONG: It's his last estimates, I'm chancing my arm about whether he's prepared to say this is a risk and the government can fix it, because then they might fix it. Do you have any concerns about the absence of inspector-general oversight in respect of half of the NIC?

Mr Warner: Again, I think this is a complex question because, of those four new agencies that came into the NIC, some—let's say AUSTRAC—have functions that are not intelligence. So I think that's the issue: how do you handle that? You wouldn't want the IGIS, in my view, having oversight of functions that are not intelligence functions.

Senator WONG: Okay, but that's a question about how you draw up oversight powers. Do you think there is risk where there is no oversight of intelligence functions?

Mr Warner: I think there should be oversight of intelligence functions.

Senator WONG: What oversight is there for those four? Sorry, it's four out of the 10, not five. I misspoke. Four out of the 10 don't have any—

Mr Warner: No, four out of the ten were brought in to join the NIC.

Senator WONG: And do not have IGIS oversight?

Mr Warner: I think that's right.

Senator WONG: Do you think that the current oversight arrangements are adequate?

Mr Warner: I think this is still a matter before government and I should probably stop at that point.

Senator WONG: There you go—chancing my arm didn't work! This issue was also discussed in the terms of reference of the review undertaken by Mr Richardson. I assume you have some knowledge of both the terms of reference and the report.

Mr Warner: I do.

Senator WONG: Did ONI or you personally have substantial input into the report?

Mr Warner: ONI certainly contributed to the discussion—not to the report as such. The report was Dennis Richardson's, but we were involved in the discussions leading up to the issuing of this report.

Senator WONG: Oversight legislation was one of the aspects of the terms of reference of the Richardson review?

Mr Warner: I think so.

Senator WONG: Yes. Was it addressed to your satisfaction in the report?

Mr Warner: I think that report is still before government.

Senator WONG: That wasn't my question, though.

Mr Warner: And therefore I don't think I can comment on the report.

Senator WONG: Okay. Did you have any ONI secondees in the secretariat for the duration of the review by Mr Richardson?

Ms Littlehales: We did for a period.

Senator WONG: For a period?

Ms Littlehales: I'd have to get the exact time frame.

Senator WONG: I'm having a little trouble understanding what happened with the secretariat here. We have a very experienced former public servant undertaking a review. Presumably AGS or Attorney-General's had a fair bit of engagement in it, but presumably you would have wanted the secretariat for a review like this to pull in people from different backgrounds and with different experience within the intelligence community. Did that happen?

Ms Littlehales: To my knowledge, yes, it did.

Senator WONG: Why were you only there for a short period, then?

Ms Littlehales: No, we had different people going in and out during the period. I can't remember exactly how many people we had going over. I can definitely take that on notice.

Senator WONG: Sure. Why don't you do that? Can you give me the detail of the different people going in and out, but I'm also interested in why that happened.

Mr Warner: Sure, we can do that.

Senator WONG: Okay. Mr Warner, you're leaving on 18 December, did you say?

Mr Warner: Yes.

Senator WONG: It gives you time to do your Christmas shopping, right?

Mr Warner: If you can get to the shops!

Senator WONG: Can you tell me what is the process for appointing your replacement? I'm sorry to ask you to do this. It's so confronting!

Mr Warner: It's a decision by government. As the position works to the Prime Minister, I'm sure it would be his decision. As I understand it, the government would advise the Leader of the Opposition, and the nomination, if that's not the wrong word, would have to go to ExCo to be signed off.

Senator WONG: Is the consultation with the Leader of the Opposition convention or is that in the act? I think it's in the act.

Mr Warner: I think it's in the act.

Senator WONG: But it's only 'consult'—'advice', not—

Mr Warner: Your word is probably right. It's probably 'consult' rather than 'advise'. But we are checking.

Senator WONG: Sorry, I should have looked at this, but I've been doing other stuff so I didn't look at the provision.

Ms Littlehales: Sorry, it will take me a few minutes.

Senator WONG: It's okay. Do you know your name tags are so small I can't see them from here? Holy heck! That's a tactic, isn't it!

Mr Warner: Yes!

Ms Littlehales: Here it is:

Before a recommendation is made to the Governor-General for the appointment of a person as the Director-General, the Prime Minister must consult with the Leader of the Opposition in the House of Representatives.

Senator WONG: I appreciate it's a prime ministerial appointment. I actually just wondered if there has been any process that you can tell me about—about how that will occur, prior to the statutory consultation. No?

Mr Warner: Sorry, nothing I can tell you.

Senator WONG: I shouldn't have given you that out!

Mr Warner: It was very kind of you. It's my last time at Senate estimates!

Senator WONG: Anything you 'could' tell me? Okay! Last time we had a discussion about—were there two officers acting in the position of deputy and you were reassessing that position? Sorry, I'm just trying to remember. I'm trying to find the *Hansard* on it.

Mr Warner: There are two deputy director-general positions. Dr Paul Taloni has one, on the enterprise management side, and the other has been vacant for some time. I've had two very experienced and fine officers rotating through that position.

Senator WONG: Through the second—

Mr Warner: Through the assessment deputy position.

Senator WONG: Right, two officers. There was one on a non-ongoing contract, which we discussed last time—and then there was another as well?

Mr Warner: No, they're both ongoing. But they rotate through the position, month by month.

Senator WONG: We discussed a non-ongoing contract in October 2018. Is that a different—

Mr Warner: We discussed that in October 2018?

Senator WONG: Yes.

Mr Warner: Sorry, you'll have to give me more information.

Senator WONG: It was in relation to Mr Shearer—that he was at that stage on a non-ongoing contract.

Mr Warner: I see, okay. As you know, Mr Shearer left to go to the Prime Minister's office—as cabinet secretary.

Senator WONG: So you have two others, permanent, who have been rotating through the assessment role?

Mr Warner: That's right.

Senator WONG: I assume, given you're leaving in December, you're not intending to appoint a deputy to the assessment role prior to your leaving—or are you?

Mr Warner: At the last Senate estimates, or before that, I think what I said was I had a plan to fill that position, but the individual wasn't able to fill the position because of personal reasons. Since then, we've had COVID intervene, which really has made it next to impossible, at least for the last six months or more, to go through a normal, rigorous process. Then, as we started to come out of COVID, it seemed to me that it wouldn't be the right thing for me to fill the position, that I should leave that to my successor.

Senator WONG: Okay. I think that's all I have at this point, Mr Warner.

Mr Warner: Thank you, Senator.

CHAIR: Mr Warner, before we let you go, one last set of questions from me. Can I ask you to cast your mind forward a little bit. You and your colleagues in the intelligence community have commented frequently, including before this committee, about the unprecedented nature of foreign interference and espionage threats that Australia faces. Could you be so bold as to share your expectations for the future? Is that a trend that's going to continue? Is there any reason to think it would abate?

Mr Warner: I don't want to leave my last Senate estimates disappointing you, but I think I'm going to do so. These are properly matters for Director-General of Security, Mike Burgess, and for ASIO to address. When you asked me a similar question last time, I quoted

back to you Duncan Lewis, I think. All I could possibly do this time would be to quote back to you Mike Burgess, as I think it would be better if you asked that question of him.

CHAIR: Sure. I noticed in your opening statement tonight, and also in response to questions from Senator Wong, you mentioned China by name. Does it remain your view that that's the principal source of those threats to Australia?

Mr Warner: Again, I'd prefer to leave that to Mike.

CHAIR: Okay, fair enough. Please don't blame me for trying! Thank you very much for your attendance to the committee, as always, and for your service to our country.

Mr Warner: Thank you, Chair.

CHAIR: The committee will briefly suspend, and we will resume with the ANAO.

Proceedings suspended from 20:52 to 21:06

Australian National Audit Office

CHAIR: I now welcome Mr Grant Hehir, Auditor-General for Australia, and officers of the Australian National Audit Office. Mr Hehir, do you wish to make an opening statement?

Mr Hehir: No.

CHAIR: Senator Wong, are you seeking the call?

Senator WONG: Yes, I am, thank you. Mr Hehir, can I, unsurprisingly, go to audit No. 9 of 2020-21, which is in relation to the Leppington Triangle purchase. I want to go to the referral to the AFP. Before I do that, could you take the opportunity to step the committee through the key findings in this audit report and also tell us what instigated the audit?

Mr Hehir: I might start with what instigated the audit, and then I will hand over to my colleague, Mr Boyd, who might go through the findings. The audit came about as a result of work we were doing in the financial audit of the department of infrastructure. During the financial audit, we came across a transaction in the normal course of our work on asset valuation. The asset valuation work identified that there was a procurement of some land early in the same year which was subsequently written down from the purchase price of around \$30 million to around \$3 million. We thought that was a significant movement within 12 months, so we asked for some information with respect to the reasons for the writedown.

During the course of the financial audit, we sought additional information from the department on that transaction. We were satisfied with the accounting of the transaction—that is, that the valuations that had been done for the land were accurate—so the financial statements of the agency were signed off as being an accurate reflection of the financial position of the entity. We had some ongoing concerns with the nature of the transaction, and, in a closing letter with respect to those issues with the purchase of the land, we raised a recommendation to the department that they undertake a review because of issues with respect to probity and integrity that we thought had arisen in the nature of the transaction. We followed that up and received a report from that review. Subsequent to that, I formed the view that it was worthwhile us undertaking a performance audit of the land purchase. Mr Boyd might want to run through the key findings.

Mr Boyd: There were three criteria we applied in respect to the audit, which are set out in the audit report. The first one was: was an appropriate acquisition strategy developed?

We concluded that an appropriate acquisition strategy was not developed. The strategy that was put in place stated that it was about incentivising an unwilling seller to dispose of the land, whilst at the same time saying there was goodwill to be capitalised upon. We felt the strategy overstated the benefits and didn't attempt to address the costs. As it turned out, the acquisition strategy that was approved wasn't applied, in any event, with no approval for a different acquisition strategy which departed from a compulsory acquisition to an acquisition by agreement. The second point—

Senator WONG: It did seem a little odd, didn't it? I have read the report, but it's a contradiction in terms—we want to incentivise an unwilling seller and we want to capitalise on the goodwill of the seller.

Mr Boyd: Indeed. There was a package of transactions designed to incentivise this unwilling seller, which included realigning Northern Road and the leaseback of the land which they were purchasing, which, on the basis of their own forward-looking plans, wasn't needed for 30 years. It seemed to us that the compulsory processes provided by the Lands Acquisition Act which allow the Australian government to acquire land and then sort out over time, through a separate process, how much they are paying for it—but they can still acquire it when they need to—had not been properly identified by the department as an appropriate approach to take here. One of the risks, as we saw it, was that the agreement-by-acquisition approach that was adopted meant there was less visibility, because the compulsory approach required the finance minister and the finance minister's department to be involved. We felt there would have been some benefit from that in this transaction.

The second criterion in terms of the findings related to whether an appropriate approach was taken to valuing the land. We can step through the detail, but, in essence, our conclusion was that the approach that was taken succeeded in inflating the value of the land, which simply led to the Australian government paying more than was warranted in the circumstances. There are a range of reasons for that—including the nature of the instructions issued to the valuer, which the valuer pushed back on. It was given clear instructions that this is the way to go about it. So in effect it wasn't a valuation we felt was appropriate for the purposes it was used for, and part of that was reflected in the valuation itself. It wasn't actually a point valuation, because the valuer wasn't allowed to undertake the inquiries you would normally expect a valuer to undertake. They weren't allowed onto the land. They did a drive-by, which they weren't supposed to do but they did. So you didn't get a full speaking valuation, if you know what I mean—you weren't getting much in the way of specificity about what the land was worth. You had a very wide range of around \$4 million to \$5 million between the upper and lower range. The department used a midpoint, as if that had some science to it, which it really didn't.

The final criterion we looked at was whether decision-makers were appropriately advised. We found consistently that the advice to decision-makers, who were within the department, as well as the advice provided for information to the relevant minister, from our perspective was quite inadequate. In particular, it did not state things it should have stated, and it was not complete in addressing all the things it should have addressed—particularly around not identifying that the Australian government was paying significantly more for this parcel of land than Roads and Maritime Services in New South Wales was paying for part of it. Looking at other valuations of that land—I think figure 4.1 in the audit report sets them out—

shows you that the valuation the department used was 22 times what RMS was paying for one portion of the triangle, for the roadworks. This is not a criticism of the valuer, because the valuer was doing what the department instructed it to do, even though the valuer was raising some objections to that.

Senator WONG: So 22 times, the—

Mr Boyd: Per hectare—

Senator WONG: process of continued engagement and instruction by the department with the valuer resulted in, amongst other things, a valuation which per hectare was 22 times what the New South Wales government paid.

Mr Boyd: That's correct. And also many multiples of any of the other valuations. There's a series of valuations of bits of the Leppington Pastoral Company land which we looked at, including some valuations the company itself had obtained, and all of those showed nothing like—essentially we ended up paying \$2.4 million per hectare for land that other valuations were saying was worth around \$120,000 per hectare.

Mr Hehir: In addition to that, when coming towards the conclusion of this audit I decided to have a consideration of it, looking at some of the frameworks in place in the public sector about the proper use of resources and, in particular, related to the ethical use of resources. In that context, looking at the framework under the Public Service Commissioner's Directions and the Public Governance, Performance and Accountability Act, we also included a conclusion that the decision-making and some of the processes of engagement with the Audit Office through this weren't consistent with effective and ethical stewardship of public resources. So that was a more wide-ranging conclusion rather than going to the specific audit criteria.

Senator WONG: There are plenty of questions I could ask you. But, firstly, I want to go to the phrase 'unethical'. When we read the audit report, it is notable. It's a striking term to use and it's used a number of times in the report. What do you mean by unethical?

Mr Hehir: In the context of the work that we undertake, we try to draw upon existing frameworks which set out the way in which the Public Service is meant to operate. In this case, I had regard to two issues. One was the directions put out by the Australian Public Service Commissioner, in particular, those which relate to ethical conduct under section 14 of the commissioner's directions. Some of the key points that I thought some of the actions within the department with respect to this transaction didn't meet the standards established under that framework were:

(a) acting in a way that models and promotes the highest standard of ethical behaviour;

... ..

(c) having the courage to address difficult issues;

... ..

(e) acting in a way that is right and proper, as well as technically and legally correct or preferable ...

And—

(f) reporting and addressing misconduct and other unacceptable behaviour by public servants in a fair, timely and effective way ...

With respect to the definition in the Department of Finance glossary and how that glossary defines 'ethical' in its use in the public accountability act, which goes to a requirement under the act for public servants, in the proper use of resources, to act ethically as well as efficiently, effectively and economically, it goes to behaving in an ethical manner being in a manner which is consistent with what could be expected of a person in a similar situation or that a person in a similar situation would undertake a similar action or approving the commitment of resources based upon the facts without being influenced by personal bias. We draw upon some of the frameworks that have been established in the public sector around what ethical means.

Senator WONG: In referencing 'unethical conduct', did you, in the course of undertaking the audit, identify any conduct which you regarded as potentially criminal conduct?

Mr Hehir: There was nothing that came to our attention in the audit evidence which directly would have gone to criminal conduct.

Senator WONG: We've been told today that the matter's been referred by the Auditor-General to the AFP. Perhaps you can take this opportunity to explain to us what actually has occurred in relation to that.

Mr Hehir: As we were coming to the completion of the audit, getting to final draft of the audit, when we had the overwhelming amount of evidence pulled together, I considered that evidence and it appeared to me that there were gaps in the evidence which could lead to a view that the—I'm sorry, I'm just trying to get the exact words that I thought—

CHAIR: While you're doing that, Mr Hehir, I know you don't need much assistance in this forum, but, as Senator Wong has noted, there is a police referral that's occurred. I'll just ask senators and witnesses to be cautious in their commentary in an appropriate way.

Senator WONG: I assume you're not trying to make a PII claim from the chair.

CHAIR: No. I think that's a fair observation as chair. Mr Hehir.

Mr Hehir: We came to a view that there was information that we found which we couldn't explain and that was suggestive of the fact that the Commonwealth may have been defrauded. Having come to that view—as I said, we didn't have direct evidence of that—I thought it was in the public interest for me to provide information to the AFP Commissioner in accordance with subsection 36(2) of the Auditor-General Act. We don't refer things to the AFP. I contacted the commissioner, raised the issue with him and, under the act, made available evidence that we had collected for the commissioner to consider.

Senator WONG: When did you come to that view?

Mr Hehir: I contacted the commissioner on 10 July.

Senator WONG: On 10 July?

Mr Hehir: Yes.

Senator WONG: So that was prior to the audit office report being tabled?

Mr Hehir: Yes.

Senator WONG: And prior to the section 19 draft report?

Mr Hehir: Yes.

Senator WONG: Do the questions that you identify arise in relation to the conduct of only one individual or is it possible that they relate to the conduct of more than one individual?

Mr Hehir: As I said, the issue was not so much that we identified conduct which was fraudulent. I think, on a plain reading of the report, there are a whole pile of sequences of actions which we couldn't explain. We could hypothesise various different assumptions of what may have happened, but it wasn't clear to us why it would happen. I felt that, in that circumstance, the best course of action was to provide that audit evidence to an investigatory body—the AFP—to look at it and make its own decision.

Senator WONG: In other words, you've got questions that you were not able to answer which gave rise to the possibility of defrauding, and you're not in a position to indicate to me whether those issues arise in relation to conduct by one or more individuals. But, in all the circumstances, because the questions are unanswered, you decided it was best to give it to an investigatory body. Is that a reasonable assessment?

Mr Hehir: That's correct, yes.

Senator WONG: Was it on 7 July?

Mr Hehir: The 10th. I spoke to the commissioner on 10 July and wrote to him. We delivered a letter to him on the 13th—so that was a Friday and Monday.

Senator WONG: So you referred it in writing?

Mr Hehir: As I said, I didn't refer it to him in writing. I set out that there were a number of issues which had come to our attention and that I was, under section 36(2) of the act, making available evidence that we had collected for him to consider.

Senator WONG: So that letter was written subsequent to the telephone conversation with the commissioner?

Mr Hehir: Yes.

Senator WONG: Since then, have there been interactions between the Auditor General's office and the AFP?

Mr Hehir: Yes, we've had interactions. Again, our interactions are largely in relation to providing evidence, so—

Senator WONG: And that's evidence that was obtained through the audit process?

Mr Hehir: That's correct.

Ms Mellor: Senator, the distinction that the Auditor-General is making is that this provision in the act—because audit evidence is treated as confidential—does enable him to provide information and disclose it.

Senator WONG: Yes, I understood what he was saying, thank you. Has the commissioner indicated—I assume by conduct, given that evidence has been provided subsequent to your letter—that there is an investigation underway? Whether or not that goes anywhere is obviously a matter for the police.

Mr Hehir: I couldn't say whether they've commenced an investigation.

Senator WONG: You don't know that. Tell me the status from your perspective. You talked to the commissioner; you write a letter; and there have been interactions with the AFP

and the Audit Office in which evidence obtained through the course of the audit has been provided to the AFP—correct?

Mr Hehir: Yes.

Senator WONG: What is the status of the investigation?

Mr Hehir: I think you'd have to ask the AFP.

Senator WONG: That's fine. What do you understand the status of it to be? We will ask the commissioner.

Mr Hehir: I couldn't tell you whether the status is that they're considering whether to undertake an investigation or are undertaking an investigation. I don't think I can—

Senator WONG: Okay, that's fair enough. Did you reference any particular offences that may have been committed in the context of either your discussion or the letter?

Mr Hehir: I think, as I said earlier, that I indicated that some of the issues were suggestive that the Commonwealth may have been defrauded.

Senator WONG: Would it be correct to summarise that you came to the view that there was a possibility that the Commonwealth may have been defrauded and therefore you felt it was appropriate to refer the matter to the AFP?

Mr Hehir: I felt that we couldn't go any further with the powers and role that we have to follow it through, and it seemed to me that that was a reasonable course of action to take.

Senator WONG: Is it unusual or commonplace for you to refer to the AFP matters that you discover in the course of an audit?

Mr Hehir: I think it's unusual. I don't think that we're aware of any other circumstance, although I have referred matters to other investigatory bodies during the course of an audit.

Senator WONG: But since you have been the Auditor-General for Australia is this the only matter that you have referred to the AFP?

Mr Hehir: Yes, in the definition of what I described it as.

Senator WONG: I asked questions of the department of infrastructure today, which you may or may not, Mr Boyd, have had an opportunity to consider. There were a number of things from that that I wanted to put to either you or Mr Hehir. The first was there seemed to be from their perspective an assertion of some inconsistency between the Audit Office signing off on the 2018-19 financial statements and the comments in the report about the failure to provide appropriate information. I can't remember quite how you described it, but it's the reference to the CFO and the secretary's response to your request for information. Are you able to explain what you understand happened in relation to the 2018-19 financial statements?

Mr Hehir: I might be in a better position.

Senator WONG: I'm sorry: I wasn't trying to—

Mr Hehir: Mr Boyd isn't the financial auditor for it.

Senator WONG: I thought he was involved in the report.

Mr Hehir: He's involved in the performance audit.

Senator WONG: Of course, this is only the financial audit process, isn't it? They seem to have taken a different understanding of the result of the financial audit than I understood from the performance audit that's been undertaken.

Mr Hehir: As I said at the beginning, during the financial audit the issue of the markdown in the price in the valuation process came to our attention and we sought additional information with respect to it to understand why that had happened. The issue for us was not one of whether the valuation that was in the financial statements was correct, because we accepted the valuation process which led to it. The issue that our financial audit team was considering was more the nature of the transaction, which was unusual, and in the context of our normal audit work an unusual transaction like that is something that the financial auditors are required under the standards to follow up. So we were following up that process and sought information from the department with respect to the transaction. It didn't bear upon the audit report that we issued, because the financial statements were a true reflection of the position of the entity. But, because we thought the transaction was unusual, we sought information and we raised a recommendation in our closing letter suggesting that a review be undertaken. In the audit report, we raised concerns that, as is normal with an audit, we required a representation from the department's accountable authority saying that they've provided us with all the information necessary and which has been requested in the context of the audit. With respect to this transaction, the performance auditors demonstrated that not all of that information was made available. In particular, they were referring to the final instructions that were given to the valuer.

Senator WONG: That makes sense. So any inference that the department was trying to—or a misunderstanding that they might have had about the financial statements and your comment on that, I think, is dealt with in your answer, which is that it's an assessment of the financial position of the department and it's not whether or not what they actually paid was appropriate.

Mr Hehir: That's correct.

Senator WONG: Another aspect of the evidence today which came towards the end of the questioning—and I didn't have an opportunity to follow it up as much as I would have liked—was what the department had already budgeted for, in terms of potential sale price, prior to valuation. I asked what costing assumptions were used for the purposes of, essentially, constructing the budget for the project, of which this land acquisition was one component. The evidence from the secretary was that he was going to take it on notice, but the costing assumption was in the order of \$30 million, which is surprising because I think that appears to predate some of the questionable valuation process. Mr Hehir—or perhaps this is a matter for Mr Boyd—was that something you came across in the context of the audit?

Mr Boyd: In the context of the audit, yes, the department did address whether they could afford to pay the amount that they were proposing to pay for the triangle from within the budget they had been provided with by government. The budget provided was broader than for just this land purchase, and there was sufficient money in there, but, as to how that budget was put together, no, there were no other valuations of the land.

Senator WONG: No, but, in putting together the budget for the broader Western Sydney project—and I can't remember what it was called at that point—whatever that line item was, there were costing assumptions, including in relation to land acquisition. Did you ever come

across what costing assumptions had been used in relation to land acquisition for Leppington Triangle?

Mr Boyd: No.

Senator WONG: Would it surprise you to learn, if the evidence today is correct, that \$30 million was already factored in?

Mr Boyd: What I would say is that the analysis we did showed that the department examined whether they could afford to pay this amount from that budget—not that paying this amount was consistent with an element of the budget identified for land purchase, because, as we understand that budget, there was no amount identified to be for land purchase.

Senator WONG: That wasn't quite what was explained to me today. Hopefully, this will be clarified on notice, because it does seem unusual. Can the parliament be confident that the department of infrastructure has not handled other land purposes in a manner similar to Leppington Triangle where, as you identify in your opening evidence, Mr Boyd, and as is also identified in the report, the three criteria against which you assess their performance were not met?

Mr Hehir: I think it's difficult for us to comment outside of the audit work that we've done. If we haven't done audit of other transactions, then it's quite difficult for us to comment.

Senator WONG: But what I'd put to you is that there are systemic weaknesses which, I think, are disclosed in the audit. Do you not agree?

Mr Hehir: Yes.

Mr Boyd: Yes. One thing I would say there is that, because of the nature of the findings around the valuation approach, including the instructions given, one of the things we did do was look at some of the other instances. Melbourne is the most recent one where the department has had to do something similar to see whether their approach to valuation was similar to what we saw here. One of the things we note is that the approach taken for the Leppington Triangle was very different to what we saw elsewhere. The department doesn't do this every day of the week, but this isn't the only time it has procured land, and it won't be the last time, we would expect, given the nature of its business. Certainly the approach with Leppington Triangle about how they went about not only procuring a valuation but the nature of the valuation and the instructions being given were very different compared to the other ones we looked at in the department.

Senator WONG: There are multiple engagements in relation to the valuation, being one of the differences.

Mr Boyd: Most particularly, from our perspective, is a concern around the instructions given to the valuer.

Senator WONG: Correct.

Mr Boyd: The fact that you would instruct the valuer—and this isn't a criticism of the valuer, who, as I said earlier, did push back on the instructions they were given—to apply, in their own language, what was speculative industrial rezoning potential—

Senator WONG: Which didn't eventuate.

Mr Boyd: The problem is that it's very hard for this land to be rezoned as industrial, given both the current legal constraints on its use and the expected future use on the airport,

because, for very valid reasons, you cannot be constructing industrial buildings at the end of a runway where you need high-intensity approach lighting, certain public safety zones and so forth. This isn't land that can be used for that. It's not land that can be used for residential purposes, either.

Senator WONG: Does this—

CHAIR: Senator Wong, I'm sorry to interrupt you, but we have come to the half an hour mark of your questioning. I've got a lot of senators lining up to ask questions as well. Can you give me an indication of how much time you expect to need?

Senator WONG: I'll try and do it in five or 10. Afterwards, before the Auditor-General goes, I think we should go into his budget. But, on this issue, just give me five or ten, and I'll finish. Okay?

CHAIR: Alright. Let me clarify senators who do have questions. Senator Patrick, do you have questions?

Senator PATRICK: I have questions on other issues and one supplementary on this.

CHAIR: Senator Waters, you have questions. I think Senator Rice was with us and did have questions.

Senator WATERS: She's going to come back when we let her know is a good time to do so.

CHAIR: Okay. Senator Siewert?

Senator SIEWERT: Yes.

CHAIR: Coalition senators: I know Senator Scarr indicated he might. Senator Rennick?

Senator RENNICK: Yes.

CHAIR: Alright. We're going to have to do our best. I think we're going to be really pressed for time here. I'm sorry—Senator Watt too. I don't want to forget you up the back there.

Senator WATT: No, I'm a passive observer.

CHAIR: Good.

Senator PATRICK: For the first time ever!

Senator WATERS: I was going to say—that doesn't sound like you!

CHAIR: Sorry, Senator Wong. Please continue.

Senator WONG: In relation to the conduct of the department in relation to other land acquisitions, were there other land acquisitions where there were meetings with people at their homes or meetings in coffee shops with a failure to document that you've identified in the report?

Mr Boyd: I probably need to clarify: it wasn't only the Leppington Pastoral Company where the department was having such meetings. Our concerns in that area weren't just how we were dealing with this one particular landowner; they were broader than that. There was one other landowner in particular where the coffee house sort of meetings were far more common than with Leppington Pastoral Company, even.

Senator WONG: In particular, including a failure to document what occurred in those meetings.

Mr Boyd: The problems were multifaceted from our perspective. Typically, one officer would have a meeting where it wasn't clear what official business was being met to be discussed, so there wasn't an agenda. We were generally identifying that these meetings were happening through what I'll call tertiary evidence. You would find reference to meetings having happened in emails or calendar entries and that sort of thing; it's not that they were formally recorded as meetings that were going to happen and it's not that the purpose was formally recorded. There were no records made of the meetings as to what was discussed, what was agreed and so forth.

Senator WONG: If this was on the public record, is the other landowner that you're referencing in the coffee shop reference Ms Waterhouse?

Mr Boyd: Yes.

Senator WONG: This method of behaviour, or this mode of operating, applied particularly to those involved in the Western Sydney project?

Mr Boyd: That's what we're auditing. We've audited this department many times over many years, but these sorts of actions aren't something we've commonly observed.

Senator WONG: Do you think this reveals a weakness in the Commonwealth land acquisition framework?

Mr Boyd: I don't think we're necessarily in a position to go that far. Certainly, from our perspective, it illustrates some fairly significant weaknesses in how this department was acting within that framework.

Senator WONG: Any concerns about Finance's performance?

Mr Boyd: Finance weren't particularly involved in this, particularly once it moved away from being potentially a compulsory acquisition, which would need the finance minister's involvement. There was some engagement with Finance in settling the acquisition strategy, which, as we discussed earlier, was then departed from without further approval. But the key decisions being made here, which from our perspective led to the Australian government paying more than it should have in the circumstances, those were things which have been prosecuted within the infrastructure department, not with the finance department's involvement.

Senator WONG: In the scope of the audit, did you identify any areas of concern that fell outside the scope of your audit function other than the areas of potential criminality that you've referred to the AFP?

Mr Hehir: I don't think so.

Mr Boyd: No.

Mr Hehir: I think we've included everything in the audit report.

Senator WONG: In your opening statement, Mr Boyd, you talked about the package of incentives which were generated by the department and given by the government to incentivise this unwilling seller, which included: the favourable Northern Road alignment on the airport boundary; the favourable placement of intersections on the Northern Road; the purchase price for Leppington Triangle at 10 times—\$30 million for land valued at \$3

million; the Leppington Triangle leaseback price, land valued at less than \$1 million; the Leppington lease term, 10 years with another 10-year option; and an underpass for use of the landowner. It's quite a reasonable package, all funded by taxpayers. I want to ask about only one of them at this point, because of time, which is the Northern Road alignment. You looked at the decision to change the route of the Northern Road alignment as part of this audit?

Mr Boyd: Yes.

Senator WONG: Do you know why the decision was taken by the government? Can you ascribe—

Mr Boyd: The landowner wished to have the road realigned to where it has ended up being. It was something the landowner wanted and the department agreed to do that on the basis that it would create goodwill on the part of the landowner, which it said would help with them being able to acquire the triangle land.

Senator WONG: Other than this ostensible goodwill from this seller, who we paid 10 times what they should have been paid, is there any discernible benefit to taxpayers from the realignment of this road?

Mr Boyd: If you look at the audit report, you'll see that it has brought some risks to the taxpayer. You'll see that we talked in there about how Roads and Maritime Services were quite keen to make sure the department understood that it needed to accept the risk that came with this, because now you had the road coming closer to where the end of the second runway will be, which they say then starts to bring risks, both with the high-intensity approach lighting and also the public safety zone which needs to be around the end of a runway. So there are extra risks involved in that, yes.

Senator WONG: I asked if you can discern any benefit to taxpayers.

Mr Boyd: The benefit the department identified was this goodwill.

Senator WONG: Yes, apart from that.

Mr Boyd: And, I think, as you can see from the audit report, we don't agree that any goodwill was necessarily generated. Certainly, from our perspective, it wasn't demonstrated when you look at the terms of the transaction which then arose from that.

Senator WONG: So, there's no benefit to taxpayers?

Mr Boyd: We couldn't identify any.

Senator WONG: Who took the decision?

Mr Boyd: The decision was made within the department.

Senator WONG: Was this decision, at any point, made involving any engagement with the minister's office or the minister?

Mr Boyd: The relevant minister received, two—if I can call them—full information briefings, one at the end of January 2018 and the other one, I think, on 25 July 2018. Both of those were for the minister to note that the department was going ahead with the transaction.

Senator WONG: And, as a consequence of this road, taxpayers also built the underpass for the landowner's use?

Mr Boyd: Yes.

Senator WONG: Is it correct that it's in the order of \$10 million?

Mr Boyd: That was the estimate. We asked the department in the course of our audit what it actually cost because it was an estimate, which was quite a high figure, we thought. Their advice to us in June of this year was that they couldn't tell us what the actual costs were.

Senator WONG: Have you been able to reach a conclusion as to whether there's been value for money as a result of the taxpayer funding an underpass for this land as a result of the road being realigned?

Mr Boyd: Part of the reason that there needed to be access was that we leased the land back to the landowner, which again was part of the package of incentives. So it's quite a circular argument that we needed to give them an underpass to access the land that we purchased from them and then leased back to them.

Senator WATERS: Thanks for being here so late in the evening and for all of the ongoing good work that you continue to do with the limited resources you have. Starting off with resources, your annual report notes that the number of performance audits that you completed in 2019-20 was 42, which was below your target of 48. You also note that the number of audits would continue to reduce if you didn't get some supplementary additional appropriations. I understand you wrote to the PM proposing a more sustainable basis for ANAO funding, but it looks to me like the funding has been cut. Do you think the recommendations in your reports have contributed to the government refusing your request for additional appropriations?

Mr Hehir: I have no view on that—or no way of forming a view on that. There was no change in our budget and forward estimates in the budget process.

Senator WATERS: I want to ask about that because the error is possibly mine, but the overall resources for ANAO for 2019-20 were \$112 million but for 2021 are \$98 million. I don't understand how that's anything other than a cut. How would you describe that difference in resourcing?

Ms Mellor: The total numbers that you're quoting include accumulated unspent appropriations. Between 2018 and 2019 and 2019 and 2020, we've consumed those prior year appropriations in a number of ways. We needed to move buildings, which meant we needed to fit out accommodation for our staff. We also chose to invest in IT data storage and some new tools for forensic audit analysis. Those spends we see as one-off investments in the business. We use current year appropriations for current year work and, through prudent budget management over a number of years, the audit office has accumulated unspent appropriations. Part of the unspent appropriations needs to be preserved for provisioning for staff, so about \$13 million of the \$24 million that remains needs to be preserved to manage staff provisioning. The remainder, so about \$10 million, will be spent on investments that improve quality, productivity and efficiency, not on current year work, is our plan.

Senator WATERS: Could you say that last bit again, please.

Ms Mellor: If you like, it's money that we've saved from the past and our financial strategy is to use that money to make investments in the business to improve quality, productivity and efficiency such as IT developments, new methodologies in software et cetera, rather than spending it on the annual work that the government funds through the annual appropriations. With the amount that we've provisioned for staff provisioning, which

every business does, there's about \$10 million left in that. When you read those two numbers, the \$112 million down to the \$98 million—

Senator WATERS: That explains the disparity.

Ms Mellor: the bulk of that is the reduction in prior year accumulated reserves. Our annual appropriation this year—general appropriation, if you like—reduced by \$661,000.

Senator WATERS: So it was a cut but it was a smaller quantum.

Ms Mellor: Correct.

Mr Hehir: It was built into our forward estimates so it wasn't a change in the budget context.

Senator WATERS: Given that, on that status of less funding, you weren't quite able to reach the target of audit reports, what are you anticipating in terms of your ability to reach those targets for workflow in the future?

Mr Hehir: In our portfolio performance statement we are forecasting that in 2020-21 we will produce 42 audits, falling to 40 in the following year, and then, by 2022-23, down to 38.

Senator WATERS: As a result of a static budget?

Mr Hehir: Static budget—in our business we do two major things: financial audit and performance audit. We are finding the cost of financial audit growing. Financial audit is mandatory. Our legislation under the public financial management act says that we have to undertake those and we have to undertake them at a certain quality standard. There is not a lot of discretion in there for us to drive efficiencies in that side of the business. We have in the last few years undertaken a number of actions to reduce the cost of our financial audit activity. Last year, we did a re-basing of our risk approach to financial auditing in order to generate some savings, but there is only so far you can go in that without it starting to affect the quality of the audit work.

Senator WATERS: So you have a small reduction in funds but it is really just the absence of additional funding that is going to constrain your future outputs?

Mr Hehir: That's correct.

Senator WATERS: Can I move now to your investigation in the UNGI program, Underwriting New Generation Investments. Where is that investigation at?

Mr Hehir: It is not underway. We have not commenced it.

Senator WATERS: It will commence but it hasn't yet?

Mr Hehir: I have not made a decision whether or not that is starting.

Senator WATERS: What is the timeframe for when that decision will be taken?

Mr Hehir: The process I undertake is that on about a quarterly basis we look at what the next set of audits is and we start working on them. I cannot say whether there is a time for it to start or whether it will ever happen, at this stage. It is on a list that we produce of potential audits. That list, which we put out every year—our annual work program—always has more audits on it than we will end up undertaking. So I cannot say that that audit is going to happen.

Senator WATERS: I understand that it might not make the shortlist but it is on the long list. When do you make the decision about what makes the shortlist for the next quarter?

Mr Hehir: November.

Senator WATERS: Do you have a specific date?

Mr Hehir: No. We make a decision to start working on things to decide whether we are going to do them or not. We do not get to November and say, 'Here is the next batch of six we are going to start, or 10 we are going to start.' We commission our audit processes. Once we decide that we are interested in starting an audit, we get a team to start investigating what the scope of the audit is and then, when they do the scoping, we make a decision on whether it goes forward. So it is: long list, shortlist, shorter list and then go. Sometimes we find when we are doing the scoping that there actually isn't an audit topic there worth doing.

Senator WATERS: I understand. It is at that very early stage. My colleague and leader of the Greens, Adam Bandt, wrote to you in May requesting that you look at the grant to Delta Electricity under the UNGI program. They are the owner of Vales Point. Given the close relationship, both personal and financial, between Trevor St Baker and the coalition government, have you looked specifically at that grant?

Ms Rauter: No, we haven't. If the Auditor-General decided to go ahead with that UNGI audit, then that may be something we would consider—

Senator WATERS: I have some detailed questions here but it sounds like you have not considered that issue just yet. Noting that, I will press on in any event. Are you aware that the recipient of public funds was apparently told prior to the government making a decision that they had received money and that he then told the newspapers? The owner and News Corp knew about the successful awarding of the funding, but the government insisted a decision had not yet been made—I agree, it does sound very strange indeed. Have you had cause to look at that? That was the subject of the letter that Mr Bandt wrote.

Mr Hehir: Yes, that's how I'm aware of it, from that letter. That's the only information we have.

Senator WATERS: You haven't had a chance to consider that further? I'm really just putting in a pitch for the need to do an audit—it sounds pretty stinky to me! Indulge me.

CHAIR: Senator Waters, you have two Greens colleagues who also want to ask questions.

Senator WATERS: I'll move to my last tranche. You recently reviewed the AEC's administration of the donations disclosure database and noted significant shortfalls. The AEC did not share your views. Do you still stand by the findings in your report?

Mr Hehir: Yes.

Senator WATERS: How did I know you were going to say that. Your reporting on the implementation of the lobbying code found that little action had been taken in response to your previous report recommendations. Have you had any response from the government to indicate that action might be taken this time around?

Ms Mellor: There is commentary in the Attorney-General Department's annual report, which was tabled in the parliament last week, on the timing anticipated for the implementation of the changes that were recommended.

Senator WATERS: I can go and look that up, but in essence are they accepting your suggestions?

Ms Mellor: I reckon I've read 50 annual reports in the last two weeks! There's just a positive statement about action that's being taken by the Attorney-General's Department in response to that follow-up audit.

Senator WATERS: In your view, have they adopted enough of your recommendations?

Mr Hehir: I don't think we've got to that stage. The Deputy Auditor-General is just commenting that it's in the annual report.

Senator WATERS: You haven't thought about it with your 50 reports. A comprehensive audit of the government's response to both your and parliamentary committee recommendations is proposed in your 2021 work plan. Do you have any preliminary observations about how your recommendations have been acted upon to date?

Mr Hehir: That's the second in what would, we hope, be a series of follow-up audits. We tabled one earlier this year, in which we identified that, broadly speaking, the processes in place in departments for following up on our recommendations were quite good. The processes for following up on parliamentary recommendations were not as good.

Senator WATERS: In your mid-term report, you said that the impact of an audit can be difficult to assess but shouldn't be measured only on high-profile reports—such as sports reports, which my colleague will be asking you about in due course. You said that the fact independent external audits exist, and the accompanying potential for scrutiny, improves performance. Do you think that the static funding to the ANAO and the consequent reduction in your ability to do audit reports will reduce this system-wide deterrent impact?

Mr Hehir: I believe that an audit program of what we have been targeting, of around 48, is a good-sized program for an audit office to have a comprehensive investigation of a sector the size of the Commonwealth public sector. Will it change the incentive effects of audit? I would think so. I couldn't comment on how much it would affect it.

Senator WATERS: Could the same be said of an integrity commission—that its mere existence has an improving effect on conduct?

Mr Hehir: I think it's difficult to have a view like I have with respect to the impact of audit and not say that the existence of other integrity agencies—whether it's a proposed Commonwealth integrity commission or other entities that exist for that purpose, including the AFP and other inspectors across the Commonwealth—has an impact because people know they're there.

CHAIR: Senator Waters, I [inaudible] all the other committee members.

Senator WATERS: I've got one final one, if you don't mind. One of the audits proposed in your 2021 work plan relates to the use of evidence and data in policy development. What motivated that? Have you concerns or seen evidence that there's been a reduction in reliance on evidence based policy-making?

Mr Hehir: Policy developments are a key function of the public sector and evidence based policy development is seen as an important component of that. We have done audits in the past which have raised issues in that area. But, on balance, I think when we look at the audits that I've been involved with in the Commonwealth over the last five years, policy development wouldn't be the highest area of concern that we'd say that we would have identified in the quality of work in the sector. But the lack of evidence that something is bad

doesn't mean that we shouldn't go in and audit it, because sometimes the audit can share good practice as well as point out bad practice. So it is an important area of government activity.

Senator WATERS: Thank you very much for your time tonight and your work.

Senator PATRICK: I have just a couple of supplementaries, initially. You mentioned the word 'defraud' in relation to the Leppington Triangle. There were the observations that you made that caused you to at least inform the police commissioner. Obviously, that's using wrongful or criminal deception to obtain an advantage. You might be aware of Lord Denning, of the High Court in the UK, setting the standard that: "Fraud unravels everything," and that no judgement, no contract, no transaction can be allowed to stand in the case of fraud. Are you of the view that the Commonwealth might be in a position to plead and perhaps prove defrauding to the point where this money could be returned to the Commonwealth?

Mr Hehir: As I said at the beginning, we didn't find evidence of fraud. What we identified were elements of the transaction which we found difficult to explain. And the reason that I contacted the AFP on this was because it was suggestive that fraud may have been involved. So, I can't speculate beyond that. We didn't find direct evidence of criminal behaviour. What we found was what we put in the report, which is a whole pile of information which left open questions which I didn't believe we could go to. The AFP, if they felt that the evidence passed the test that they would go there, would be in a better position to deal with it.

Senator PATRICK: Did the strange behaviour exist on the Commonwealth side or on the side of the landowner?

Mr Hehir: The issues that we dealt with were the procurement processes of the department.

Senator PATRICK: I'll move to my next supplementary in relation to Senator Waters's contribution. In actual fact you've said your audits will go down to 42, 40 and 38. Is it not the case that your standard benchmark or historical average is something like 48—is that normal?

Mr Hehir: That's the number that we've been targeting for most of the time that I've been here. Our numbers have been at the high 40s, 50s over the last decade or so.

Senator PATRICK: Section 53 of your act requires you to make your budget recommendations available to the JCPAA. Of course, I'm a member of that, so I'm just really putting some things on the public record. Did you provide that submission to the JCPAA?

Mr Hehir: Yes.

Senator PATRICK: Did you make the JCPAA aware of the effect? Because this is a 20 per cent reduction in your audits. Did you draw to their attention the fact that there would be such a reduction if your budget submission wasn't accepted?

Mr Hehir: Yes.

Senator PATRICK: Did you draw that fact to the Prime Minister's office when you made your submission to the Prime Minister?

Mr Hehir: Our submission was based upon the same information that we provided to the JCPAA.

Senator PATRICK: I presume that means, yes, you drew the Prime Minister's attention to the fact that the number of audits will decrease from the standard of 48 down to something that is 20 per cent less.

Mr Hehir: Yes.

Senator PATRICK: Okay. So it's eyes wide open in terms of the government making their decisions?

Mr Hehir: I can only talk about what we've done.

Senator WONG: Sorry. Did you get a reply?

Mr Hehir: No.

Senator WONG: So this is the letter that you reference in your annual report. You've now had two senators ask you about it. Has the Prime Minister responded to your letter?

Mr Hehir: No.

Senator PATRICK: Only through the budget.

Mr Hehir: The letter was a budget process letter.

Senator PATRICK: I want to switch to the strategic water purchases. In your audit, you found that, of the purchases you examined, all of the purchases were made at a price that was less than the maximum valuation. Is that a fair statement in respect of what you found?

Mr White: I think the words we used were 'maximum allowed'.

Senator PATRICK: Okay. I'll just go to Kiora and Clyde, colloquially known as the 'watergate' purchases. In your audit report, on page 20, you state that the purchase price per megalitre is \$2,745. Are you familiar with that?

Mr White: Correct.

Senator PATRICK: I have the valuation that was provided by Colliers for that particular property, for that particular water purchase. It took me a couple of years to get in on the FOI. It makes it very clear in the summary, where it talks about the valuation, that the nominal value was \$1,500 per megalitre and the valuation range was \$1,100 to \$2,300 per megalitre, which is well short of the \$2,745 per megalitre paid. I'm happy to table this valuation, if you require it. It was obtained under FOI.

Mr White: We have a copy of the valuation.

Senator PATRICK: You have a copy of the valuation. How did you come to the conclusion, noting its valuation range is well short of what was paid, that the department paid underneath the maximum valuation?

Mr White: The report also discusses a range of factors that would influence future sales prices and talks about an expectation of a premium of between 10 and 30 per cent that could be expected to apply to the sale.

Senator PATRICK: So that's in Colliers valuation. There are a range of statements and baselines in the front part of this document that talk about the performance of the properties. I note that this particular property had performed really poorly compared to others in the region. It simply made the suggestion that there are circumstances where you might find valuations against properties at a premium. But there's no question that, in the valuer's final conclusion, in his summary where he talks about the valuation, considering all of those factors, he gave a valuation range of \$1,100 to \$2,300 per megalitre. I accept that this document talks about premiums being paid. It talks about a whole range of other things. It comes to a conclusion—\$1,100 to \$2,300 per megalitre.

Mr White: And that range is directly correlated to the analysed sales in the tables on the previous pages, which lead to the discussion that also talks about how the absolute minimum price that would be expected—for the last historic sale, of \$2,300—would be higher in a future period of time. So reading the report and analysing the tables of sales and the expectation of a premium was what we read the report to be saying.

Senator PATRICK: I wonder if you could re-examine that. At the end of the day, when you get a valuation on a house or on anything, there are a whole range of things that might be talked about. Then, the valuer presents his or her findings. In this instance, it's really clear what the range is. I wonder if you could perhaps re-examine that and come back on notice as to whether or not you think an error has been made in the way in which this has been read?

Mr White: We have done some additional analysis since the report. The previous report tabled a smaller range, and I think that was in February 2017. The report you're looking at was in February 2016 to March 2017. The original—

Senator PATRICK: There were actually two valuations that were made. One was in September. The second one was a little bit later, but both came up with the same ranges.

Mr White: There was a previous report from a prior year that we were referring to. We looked at that. That report also included an expectation of a premium between 10 and 30 per cent, and, within approximately five months, the Boongargil sale for \$2,300 had actually occurred. So it was increase of 39 per cent—so, over the premium that was actually expected.

Senator PATRICK: Why didn't you take some of the other factors into account that were involved in the description as to how the valuer had come to his or her conclusion, such as the poor performance of the property in terms of its return on investment over the years prior to the sale?

Mr White: I haven't seen anything in the valuation report about a poor performance from the property.

Senator PATRICK: Certainly, there's information on the public record that goes to that. There were some previous valuations done within that particular valley. Did you look at all of the valuations, or simply the ones associated with the department's purported due diligence?

Mr White: We looked at the two valuations that were provided in terms of assessment against this sale.

Senator PATRICK: I put it to you that no reasonable person could somehow extrapolate what is clear in the valuer's report as to the range of the valuation. I think you might have been suckered in by the department in terms of how they might have interpreted it.

Mr White: I think the statements in the report are very clear when it talks about how the Boongargil sale at \$2,300 would be the absolute minimum that could be expected if it was sold again. That's outside of the range that's provided in the conclusion, because it reads into it the 10 to 30 per cent premium that's expected.

Senator PATRICK: The range actually goes up to \$2,300.

Mr White: The report actually also says that that would be the absolute minimum that you could expect and that future sales would even be higher than the Boongargil sale.

Senator PATRICK: Alright. We'll go to the other—

CHAIR: Senator Patrick, there are several other senators lined up. How much longer do you think you need?

Senator PATRICK: Maybe I will come back around, if there's time.

CHAIR: There will not be time. I'd be very surprised if there was.

Senator PATRICK: Just looking at one more water purchase—this is the Lowbidgee supplementary flows. Again, the Auditor came to the conclusion that it, in effect, represented value for money or was within the price range. The price paid in this instance was \$370 per megalitre. Previously, the Auditor-General had done a report on the Nimmie-Caira, where it was very concerned that the Commonwealth had paid \$175 per megalitre. Did you reference that previous audit when you looked at that particular sale?

Mr White: We were certainly aware of the report.

Senator PATRICK: When you looked at the purchase, DAWR had used a desktop valuation that related to Murrumbidgee supplementary licences; that's how it came to the conclusion that it was paying the right price. However, under the water-sharing plans you're not allowed to transfer water from the Murrumbidgee to the Lowbidgee area. I'm just wondering why you accepted the valuation methodology of the department, taking valuations from one valley and using them in another?

Mr White: I'd have to take that on notice, Senator.

Senator PATRICK: Perhaps you could examine that and come back to us. That would be appreciated. Thank you, Chair.

Senator SCARR: Mr Hehir, I just want to get clearly on the record a statement I think you made to Senator Waters in relation to a line of questioning on the budget. I took down your comment as follows, 'There had been no change in the ANAO's budget in the context of the budget,' that there had been no cut in appropriations in the context of the budget, looking at the forward estimates.

Mr Hehir: The forward estimates from the estimates that were available earlier in the year to the budget hadn't changed, that's correct.

Senator SCARR: So there had been no change?

Mr Hehir: No.

Senator SCARR: So there had been no cut to those estimates, to what was expected across the estimates?

Mr Hehir: There was no change from what we were expecting in our budget to what was in it.

Senator SCARR: Right. So you weren't successful in terms of the request for the supplementary funding—and, as you know, I'm on the JCPAA, as well as Senator Patrick—but there was no cut from what you were expecting across the forward estimates?

Mr Hehir: That's correct.

Senator WATERS: That \$661,000—

Mr Hehir: Our forward estimates had our budget falling from 2019 to 2021 by \$600,000. That was built into our forward estimates before the budget and that's how it is after the budget.

Senator WATERS: Oh, I see. It's the last budget cut that remains in place.

Mr Hehir: It's a combination of what happens in budgets over decisions over a number of years so I wouldn't like to say that it's a last budget cut. It's the combination of impacts of efficiency dividends, indexation adjustments and savings measures across a number of years which lead to your forward estimates.

Senator WATERS: Thanks.

Senator SCARR: Whilst I note that Senator Waters is trying to have another crack—

Senator WATERS: Thank you for your patience.

Senator SCARR: the reality is that there was no cut across the forward estimates in the current budget from your perspective?

Mr Hehir: That's correct, yes.

Senator PATRICK: It's just that—

Senator WATERS: But then—

CHAIR: Senator Waters and Senator Patrick, your questions were heard in absolute silence and I would ask you to extend the same courtesy with respect to other senators.

Senator SCARR: In relation to the efficiency dividend, could you please outline the steps which the Audit Office has taken to build in some efficiencies in terms of your costs?

Mr Hehir: There's a—

Senator SCARR: My recollection is, from sitting on the JCPAA, is that you've taken steps in relation to the introduction of data analytics and moving certain functions in-house—

Mr Hehir: We've introduced data analytics to try to drive the efficiency of our audit processes. We have a very seasonal workflow, particularly in financial audits, so we've tended to rely on contracting staff, which is quite expensive compared to permanent staff, so we've tried to move towards having a higher percentage of permanent staff doing our financial audit work. In the down time we use them for other performance-audit-type activities.

We've undertaken, as I said earlier, a re-risk assessment of all of our financial audits to make sure that we weren't overauditing, in order to drive down costs. When we moved from our previous building to the new building we reduced our footprint significantly in order to drive savings in our accommodation costs. It's a combination of addressing efficiency across the whole of the business.

Senator SCARR: I understand that you've got a particular philosophical view based on whether or not the ANAO should be subject to the efficiency dividend. But just parking that to one side, and notwithstanding that in terms of the in principal argument and independence, the ANAO has still been very successful in terms of identifying efficiencies and taking appropriate action. Is that a fair comment?

Mr Hehir: I think we try our best to utilise every cent of the taxpayers' dollar that we receive in the most efficient way we can, as you would expect of us.

Senator SCARR: My observation, certainly, from sitting on the JCPAA, is that you do an extremely good job of that. In terms of the increasing costs of audits, my understanding is that some of these cost pressures that are on you and your team are as a result of changes to accounting standards. The expectations in relation to some of the financial audits have

changed as a result of the accounting standards and other things which have increased the complexity. Is that a fair comment?

Mr Hehir: It's one of a number of factors. There have been changes to how we go about valuations, lease standards et cetera, which, when you're changing standards, add additional costs. There's been an increasing complexity within the financial audit field generally. We're doing a lot more complex valuation work now than what we've done in the past. A lot of that's driven by the complexity of government. The government is probably more active in utilising its balance sheet now than it was, say, a decade ago. When you're doing that, it requires a lot more effort in valuation effects. For example: in our audit of the department of infrastructure and communications this year, for the first time the NBN was brought onto a cash-flow-basis evaluation in the accounts of Infrastructure, which required us to do, I think, over 200,000 in additional valuation work in that department compared to the previous year.

Senator SCARR: Right. As I understand it, there's also a bit of a systemic issue insofar as the fees you get paid, or which the ANAO receives for doing certain mandatory audits. They don't all come back to the Audit Office; some of them go into consolidated revenue. So whereas your costs might be increasing because of that complexity, the fees you're receiving in relation to some of the mandatory audits in fact go into consolidated revenue—is that correct?

Mr Hehir: For GBEs—or government business enterprises—generally, they're required to pay a fee to us, unlike the rest of our mandatory audits. We don't have a revenue retention arrangement with respect to that, no.

Senator SCARR: So for the GBEs, those audit fees go into consolidated revenue—they don't come into the ANAO? Is that correct?

Mr Hehir: That's correct.

Senator SCARR: So to the extent that the accounting standards, the financial structuring et cetera are putting cost pressure upon you, you're having to absorb that cost pressure as opposed to receiving revenue which you can use to offset against the cost?

Mr Hehir: For that component of our work, yes.

Senator SCARR: Is that the sort of issue—correct me if I'm wrong—that needs to be considered as part of the 10-year review of the Auditor-General Act? Is it under the act that the mismatch occurs between the revenue and the costs? Or is it some other policy issue?

Mr Hehir: The revenue retention is more of a budget issue rather than an audit act issue. One of the challenges that I would see with considering moving the ANAO onto a cost-recovery basis is how that plays off against independence in audit. I'd be concerned if we were put into the situation where we were in more of a client relationship with the entities that were audited rather than primarily focusing on auditing for the parliament. How the Audit Office is funded in terms of cost recovery could be an issue picked up in the JCPAA review of our legislation. It would need to be associated with changing the budgetary arrangements as well.

CHAIR: That was a really interesting comment you made, Mr Hehir, and I want to make sure I understood it correctly: you're saying you would prefer to have a more client-style relationships with these GBEs, is that right?

Mr Hehir: No, I said the reverse.

CHAIR: Oh—the reverse. Okay.

Mr Hehir: I would prefer that the parliament funded us for our activities and we audited for the parliament, rather than being in a client relationship, where it may change the incentives of our work.

CHAIR: Indeed. Understood.

Senator SCARR: But there is this real, systemic issue about the complexity of what you're having to do in relation to these mandatory audits increasing. To some extent that has something to do with government actions, but it is really driven by accounting standards, the complexity of the transactions which you're auditing et cetera. But the funds are going into consolidated revenue for—what?—approximately 40 per cent of—

Mr Hehir: No, it's less than that in terms of revenue. I could get that for you. I don't have it in front of me.

Ms Mellor: For ANAO financial statement audits, just under 70 per cent of the total number of audits and approximately 40 per cent of the total audit fees charged are contracted out to firms—199 of the audits get done that way. The contracting out tends to be in the GBE space. You are absolutely correct: complex asset and financial transactions; accounting standards changes; increasing the number of entities—when a new GBE or corporate setup to conduct a specific piece of business—

Senator SCARR: Sorry to interrupt you, Ms Mellor. How much of a change has there been in the number of GBEs over time? You could take that on notice.

Ms Mellor: I don't have the specific number.

Mr Hehir: Coming back to your previous question, about \$4 million of our revenue is that section that—oh, sorry—

Ms Mellor: No, it's different. We do other work by arrangement, that we can keep the fees for, which is only worth about \$4 million—

Mr Hehir: I'm sorry. I was reading the wrong number. We will come back to you on that.

Senator SCARR: Okay. It's not something that flows from the Auditor-General Act, is it—this mismatch between your increase in costs because of the complexity versus the revenue going into consolidated revenue?

Mr Hehir: No.

Senator SCARR: Are there any other systemic issues that would arise through a potential review of the Auditor-General Act that could address some of these issues of the increase in complexity? Presumably, when this review occurred 10 years ago—or whenever it occurred—it was done in a particular context at that point in time, when there was less complexity. Now the review is occurring in the context of greater complexity, how should that bear on the process?

Mr Hehir: In the past, the implications of reviews of the audit act have tended to expand the mandate of the Audit Office rather than anything else, which has led to increasing resourcing pressures. Expanding it into the work we now do in GBE performance audits came out of the review, I think.

Ms Mellor: Yes, but we [inaudible] by request.

Mr Hehir: Really, the budget issues tend to come from the mandate issues—the scope of work that we do. How we do the work is set out in standards. Largely, we adopt the Australian or international standards for auditing, and that drives the way that we do the work. In the financial audit side, some of the complexity comes from the auditing standards. In the performance audit side, some of our cost drivers are about the complexity in evidence gathering, as much as anything else. Compared to five or 10 years ago, we collect a lot more data because entities have more data on issues.

Senator SCARR: In relation to that point, there's more data, but, at the same time, as you referred to earlier in your testimony, you're investing more in data analytics, which, hopefully, assist you to go through data and identify the key data.

Mr Hehir: We need the data analytics, because there is so much unstructured information that we need to get to an audit conclusion. We rely a lot more now on email records rather than documentary records, or email records to access documentary records, because so much data is unstructured. This means that we need sophisticated data analytics tools to be able to get, for example, five terabytes of email data and pull out the records from them.

Senator SCARR: Isn't it then the case that, if the entities, whether they are GBE or whatever, were more organised or more structured in terms of their data setup to make it easier for them to be audited, that would be one way in which your costs could be addressed?

Mr Hehir: Yes, and we are looking at that. Particularly during the last few months with COVID-19, we're getting more direct access into entities' systems, which is lowering our transaction costs with entities. If there are a number of entities where we are constantly in their IT systems, that means we don't have to do the cost of transacting with them. Asking them for information is reduced because we can just search on a real-time basis, and we're finding that a significant improvement in the efficiency of our work.

Senator SCARR: Thank you very much.

CHAIR: Senator Siewert.

Senator SIEWERT: I first want to address an issue about the COVID-19 commission, and then I've got some questions about your audit report on Services Australia. I wrote to you in July asking about the possibility of an audit into the work done by the National COVID-19 Coordination Commission. You wrote back and said you would consider that in your consideration of other COVID-19 related audits. Subsequent to that, the commission has now been converted into the National COVID-19 Commission Advisory Board, and I'm wondering if that changes your ability to do audit of their processes or activities.

Mr Hehir: No.

Senator SIEWERT: Thank you for that. I presume that's still under consideration.

Mr Hehir: Yes. We've included it in an update to our annual work program of potential audits in the COVID-19 space.'

Senator SIEWERT: I go to your recent report on Services Australia's *System redevelopment: managing risks while planning transition*. I'll say from the outset that, when we start talking about technical systems, my understanding is fairly limited. You make a number of points. I want to go first to the area of cybersecurity risk. I note that that comes up

as a broader issue in your midterm review. Can you expand a bit on the risks posed by not having a cybersecurity risk treatment plan? You make the point that in December 2018 the CIO group operational risk management plan asserted that 'there is a risk that customer, personal and official information is compromised.' Of course, that's the issue that I'm very concerned about. So what is the problem? Is it likely to get fixed in the near term?

Ms Rauter: In relation to your first question, on cybersecurity, the issues were that there were some control requirements under the PSPF and the information security manual which the department weren't fully meeting. They were part of the essential four. So we raised a finding in the audit that Services Australia did not apply an appropriate framework to manage cybersecurity risk as it did not cybersecurity risk assess or accredit all elements of the system. So there were controls in place, but we felt that there needed to be a level of assurance that the department sought for itself that all of the cybersecurity requirements were being met. The implication of that, given it relates to Services Australia's systems which hold public data, is the potential threat of those systems being corrupted.

Senator SIEWERT: This is a report that you just did—on 24 September or around that time, from memory—

Ms Rauter: You got it right.

Senator SIEWERT: Is this still the situation?

Ms Rauter: Yes. Once we complete the audit, we obviously don't keep auditing, so those recommendations are sitting with the department. The department agreed to the recommendations, and therefore we would expect that they would take action on those, but we haven't gone back into the department. But cybersecurity is something that our financial statements team will look at as part of their normal course of business.

Senator SIEWERT: There are a couple of things. I note that they'd said that they'd do other things that they have failed to do in terms of undertaking this transition. What time frame do you understand that they've taken to fix this particular problem?

Ms Rauter: We have not been given a time frame on that. That would be something to raise with the department.

Senator SIEWERT: I will be!

Ms Rauter: We do have further audits on the audit work plan of the Services Australia systems, so whether at a point in time in the future that we pick up on those audits, if the Auditor-General decided to, that is something that we would look at.

Senator SIEWERT: Could you give me an understanding, given my non-extensive technical knowledge, of what level of risk is there that this hasn't been done, also bearing in mind the other comments that are made more broadly about cybersecurity in the mid-term review?

Mr Hehir: The government's established a mandatory framework for departments to implement with respect to cybersecurity and we audit against that framework and hold agencies to account for meeting the requirements set out there, which are the mandatory four elements and having strategies around the remaining four, the essential 8 and a number of other issues. What we identify usually are weaknesses in some of those elements. It's unusual that a department isn't aware of that when we're reporting it and we're reporting the actions

that they're taking. In the normal course most of the time the entity would have other controls that they're putting in place to try and deal with the risk to minimise it while they're trying to fix the substantive issue of noncompliance with the framework. So I wouldn't like to talk about what the degree of risk is. I think that's a matter that you might want to address more with the agency itself.

Senator SIEWERT: I note 2.30 says:

Despite identifying strategic cyber security risks and assessing the generic operational cyber security risk context as 'high' in 2018, Services Australia did not cyber security risk assess, certify or accredit all elements of the welfare payment system as required by the PSPF.

Mr Hehir: What we're saying there is that there are a number of actions which they're required to do under the framework—that is effectively just saying what I said before—and they've identified them but they haven't done it yet.

Senator SIEWERT: So is it fair to say then that it's still high?

Ms Rauter: That's their assessment, yes.

Senator SIEWERT: Did you say anything to suggest that it's not still high?

Mr Hehir: Again, I think you'd have to ask the department where it's at right now. While we tabled this audit in September, it was probably valid at that time. I don't know what they've undertaken since then.

Ms Rauter: But the transition of systems was very much still in play when we took this audit but at the same time they were dealing with COVID issues as well. So there were a number of things that had been put on hold.

Senator SIEWERT: I take the point about COVID, but this just didn't happen from March this year.

Ms Rauter: No, this was an existing issue.

Mr Hehir: Yes.

Senator SIEWERT: In terms of the procurement process, because you also address the issue of procurement both here and in your mid-term report—and I note reading this that some things have been dropped and discontinued in the process—does that point to either changing technology and the approach that's taken or a failure in the procurement process?

Ms Rauter: My understanding from the team who undertook the audit was that the understanding of what the system that existed could do and the ability of another product, if you like, that could be developed, wasn't going to necessarily meet all of their needs. So it's not really a failing of the procurement process. The audit report pointed out that there was perhaps insufficient documentation of the business requirements and what the existing system delivered for them to accurately articulate that in order to find a product that then met all of their business needs. As they went through that process they realised it perhaps wasn't going to meet all their system needs, so they went to look at what they might retain from their existing IT system.

Senator SIEWERT: As I read this report, that has delayed the transition?

Ms Rauter: Yes.

Senator SIEWERT: I have more questions on that that I will put on notice. I have one more in terms of data migration. That is obviously really important to get the system to work.

I notice the department has agreed. Are you confident, again, that that the current circumstances are such that they will be able to carry out that agreement?

Ms Rauter: My understanding at the time when working with the department is that they were working through what the best option was for them in terms of where the central repository of data was held and in which system it was less risk for the department to hold that. So the department have agreed to all of the recommendations. There was a positive engagement on the audit. So I think the issue is that they need to make sure, as we put in the recommendation, that they govern, plan, resource and risk-manage the data migration in order to preserve the use and value of the existing information in future welfare payment systems. The decision as to how that happens and using which technology is a matter for the department. We didn't dictate in which system that has to occur, more so that they make sure that it is risk-managed.

Senator RENNICK: Are you familiar with section 51 of the Constitution that says if the government compulsorily acquires land it must do so on just terms?

Mr Hehir: Yes.

Senator RENNICK: The reason why I ask that is that your CEO said about the land at Leppington that you couldn't build on it, you couldn't zone it for high-rises or put residential houses on it. Given that the family had owned the property since 1951, they had bought that land before there was ever any talk about an airport being put out at Badgerys Creek; is that correct? That is correct, isn't it?

Mr Hehir: I don't know how long they owned the land for the site. I will take what you've said as being factual.

Senator RENNICK: They've owned the land since 1951. That matters because they owned the land before there was ever any talk about there being an airport there. That means had the talk been about an airport being put at Richmond that land there today would be worth a lot of money, potentially, for residential development, because it is between Liverpool, Penrith and the Blue Mountains and some of the large flat land is 41 kilometres from Sydney CBD. One acre is 4,000 square metres. So you could put eight 500-square-metre blocks on one acre and if you are going to value 30 acres at \$3 million that's \$100,000 an acre and \$12,500 for a 500-square-metre block. So that's how you've valued it, right?

Mr Boyd: No, that is not right.

Senator RENNICK: Okay. Tell me why.

Mr Boyd: The first thing is: do you have a copy of the audit report in front of you?

Senator RENNICK: No, I don't, but I've read parts of it.

Mr Boyd: When you get a chance, if you go to figure 4.1 on page 74 you'll see the ANAO didn't commission any valuations. It is not our task to value the land that the Australian government's purchased. We looked at nine valuations. The valuations were one obtained by Roads and Maritime Services, four by the department of infrastructure of the Australian government and two from the Valuer General of New South Wales. We also looked at two from the landowner. But the Australian National Audit Office didn't obtain any valuations of the land. All the valuations were obtained by other parties and looked at by us.

Senator RENNICK: Okay. So that was based on the assumption—I will stand corrected if you didn't say that—that you couldn't build high-rises on it or that you couldn't develop it as residential land?

Mr Boyd: The thing about a valuation is that it has to look at what is legally permissible use of the land, and the Leppington Triangle cannot be legally be used for residential housing.

Senator RENNICK: Because of the airport rezoning?

Mr Boyd: Under its current zoning, it's zoned for rural—

Senator RENNICK: Because the airport is going to be built there. So this comes back to just terms, which is what I'm talking about.

Mr Hehir: We didn't speculate in this report. We reported on the valuations that were undertaken by various parties and the nature of the valuation that was undertaken by Infrastructure which they based the purchase on and we commented on the nature of the valuation that was done for the purchase compared to all the other valuations that were done. We don't speculate about what the value of the land might be in some other scenario; that's not within our brief.

Senator RENNICK: Okay. Let's come back to the valuation. I hopped onto the internet yesterday and had a look at property around Badgerys Creek. A five-acre block in Bringelly was listed at \$5.75 million. If you look at the Medich deal, where about 1,000 acres was sold a few years ago, that was allegedly sold for over \$500 million, which would value a parcel of about 30 acres of similar land at \$15 million.

Mr Boyd: Again, I think you're looking at residential sales or, in the case you are talking about now, what's on the market, which isn't necessarily what it sold for. As I said before, none of these valuations are ours. A professional valuer has to look at the legally permissible use of the land. That looks at its zoning, but also in this case what they were asked to do was speculate—

Senator RENNICK: I accept what you are saying there, but my point is that it is about just terms. Had the family bought the land—

Mr Hehir: If this land was procured as a compulsory acquisition a process of valuation and compensation would have been gone through. If that was done, it would be very clear what the outcome was. The parties would have gone through the appropriate process to determine compensation on top of valuation, as required under a compulsory acquisition process. That is not what was undertaken here.

Senator RENNICK: Okay. Thanks for that. For this second runway that is proposed to be built in 2050, if you didn't buy the land now would it not cost a lot more later on?

Mr Hehir: You're asking a question about indexation, as much as anything else, and the time value of money. Other things being equal, theory would say that the market has built that into the price; and, no, it wouldn't cost a lot more in current value terms because the market price is the market price and it builds into all those factors. But then there is speculation on top of that, which changes things. I can't answer that question because it's a highly speculative question.

Senator RENNICK: I guess my point is that ultimately it all comes down to the market and having a willing buyer and a willing seller. So it is very difficult to put a price on something. I've just given you two prices that are much higher than the \$3 million.

Mr Hehir: I think it's very clear from our audit report—although this is an audit report of the department of infrastructure—that the seller was keen to keep using the land for the purpose they'd been using it. And you said that was for a long period of time. Their perception of what that was worth to them might have been different from the market valuation of the land. But that's not what the audit was about. It wasn't about the purchaser's implicit view of value; it was about how the department went about coming to a conclusion.

Senator RENNICK: That's fair enough. But I'm not questioning the compliance side, I'm questioning the valuation.

Mr Hehir: We can only use the valuations that other people have done for that land under processes that are standard processes for valuation. We can't look at it from the other side of the equation—what someone else might value that at.

Mr Boyd: As we said here, a professional valuer engaged with the agreement of the land owner was pushing back on the department saying, 'The instructions you're giving to me aren't instructions which allow me to give you a proper valuation.' That is why I referred you to that figure. The point of that figure was to show that this valuation was because the steps the department took—there was nothing wrong with the market valuer's work—inflated the value of the land.

CHAIR: Senator Rice.

Senator RICE: So I'm taking it out to 11 o'clock—11 minutes?

CHAIR: I'd like to ask a couple of questions at the end, so let's go for seven or eight minutes and we'll see how we go.

Senator RICE: Alright. I want to use this opportunity to wrap up everything that we have learnt throughout the year about your audit of the Community Sport Infrastructure Grant program, or sports rorts. There's been a lot of evidence over estimates and over our select committee, so I just want to run through the chronology with you and lay it all out, confirming some key dates and times. Starting on 18 October 2018: there was a letter sent from Minister McKenzie to the Prime Minister seeking extra funding for the program that had an attachment, a file titled 'Copy of Electorate Divisions of Applications'—yes?

Mr Boyd: Yes.

Senator RICE: On 9 November there was a meeting scheduled between Minister McKenzie and the Prime Minister for 20 November?

Mr Boyd: Yes.

Senator RICE: On 16 November McKenzie's office sent a spreadsheet of projects and electorates to the Prime Minister's office arguing for extra funding?

Mr Boyd: Yes.

Senator RICE: On 19 November Minister McKenzie met with her advisers in preparation for the meeting with the PM, and after that meeting the adviser prepared four pages of talking points titled 'TPs for meeting with PM'?

Mr Boyd: There was also on the 19th another version of that spreadsheet. There were two versions. One was for a \$30 million program and one was for a \$100 million program, on the 16th and 19th.

Senator RICE: In that document they recorded that they had analysed the applications, and they identified 705 projects in marginal and targeted electorates?

Mr Boyd: That's right.

Senator RICE: There's a direct quote in your report that notes a priority on marginal and targeted seats?

Mr Boyd: Yes.

Senator RICE: As you said, they also sent a spreadsheet to the PMO that day with a list of projects if they had a \$100 million program?

Mr Boyd: Yes.

Senator RICE: 28 November is when the meeting actually occurs between McKenzie and the PM. Then there's a letter after that meeting, dated 7 December, that thanks the PM for the meeting with the minister, recorded an understanding of the extra funding and referred to that meeting between McKenzie and the PM?

Mr Boyd: That's right.

Senator RICE: And this all happened before the round 1 approvals were finalised later that month?

Mr Boyd: Yes, later that month

Senator RICE: So essentially what the story seems to be is that Minister McKenzie pitched to the Prime Minister increased funding for the program. A key part of that pitch was that it would let them fund projects in marginal and targeted seats, and then the funding was subsequently expanded after that pitch?

Mr Boyd: Yes. The talking points document you talk about has two scenarios, one for \$30 million and one for \$100 million.

Mr Hehir: Senator, as we've said in various meetings, we can't speculate what happened in a meeting. We can only look at the documentation that occurred.

Senator RICE: Exactly. You've just got all these elements of a story and it's up to us to draw connections, which I can do, and you can lay the evidence out for us. Moving on to round 2, on 28 January 2019, when the Prime Minister's office sends a request to McKenzie's office. In response, on 1 February, three days later, the then Minister McKenzie's office sends them a file titled 'CSG successful projects round 1 and 2'?

Mr Boyd: That's my recollection, yes.

Senator RICE: Then, two days later, on 3 February the PMO tells McKenzie that the Prime Minister hasn't had a chance to look at the list yet?

Mr Boyd: I recall that, Senator, yes.

Senator RICE: It seems to prompt the Prime Minister, because then on the next day, on 4 February, we've got the minister approving the list of projects for round 2.

Mr Boyd: Round two was approved on 5 February, from memory.

Senator RICE: Yes. So, again, we've got the PM requesting a list of projects, a few days later they can't be approved, because the PM hasn't looked at it yet, and then a couple of days later we then have it being approved. Again, a coincidence with timing of the PM's involvement. You can't put the evidence necessarily together but there are these elements of a story. Do you agree with that?

Mr Hehir: I'm not certain—I will check with Mr Boyd—we can draw the same conclusion that you can about something being done because of the Prime Minister or being delayed because of them. We've just set out the documentary evidence.

Mr Boyd: That's right.

Senator RICE: The Australian public can draw their own conclusions from the evidence. It would be nice to have more evidence, but the government has refused to give us any further evidence. I'll quickly move onto round 3, which was pretty complex. Hopefully I've got time. There are a few minutes left. On 3 March 2019, the PMO asks McKenzie's office for a list of unfunded projects and which ones they've been lobbied on by MPs.

Mr Boyd: Such a list was requested, yes.

Senator RICE: Then on 4 March, McKenzie's office starts a round 3 spreadsheet and sends a version off to the Prime Minister's office.

Mr Boyd: Yes, a version was transmitted.

Senator RICE: And then on 6 March, the Prime Minister's office and sends their wish list for Gilmore, Higgins, Macquarie and Stirling to McKenzie's office.

Mr Boyd: Yes, wish lists were circulated.

Senator RICE: And then 12 days later on 18 March, McKenzie's office then sends another version of the spreadsheet back to the PMO.

Mr Boyd: Yes, there were a number of versions and circulating within and outside the minister's office.

Senator RICE: And then on 25 March, a week later, the PMO sends back a copy of the spreadsheet, asking if a particular project will be funded, as it's a coalition priority, and listing another project as being on their wish list.

Mr Boyd: Yes, there was interaction of that nature.

Senator RICE: A day later, the Prime Minister's office tells McKenzie's office that it expects McKenzie to seek authority on the projects.

Mr Boyd: Yes, there was a letter which mentioned that.

Senator RICE: The date that's been written on the brief was 4 April, approving the round 3 projects. Later on, after 4 April, on 10 April, Minister McKenzie writes to the PM with the planned round 3 projects. Then they email backwards and forwards over 10 April, a day before the election was announced. They finally settled on some of the projects. You had the project in the Kennedy electorate funded by the community development grants and the Kooyong project funded through the Community Sport Infrastructure Grant program.

Mr Boyd: Yes, that was one of the changes on 10 April and 11 April.

Senator RICE: That email from McKenzie's office agreeing to the substitution was at 7.13 on 11 April. Then, at 8.27 am on 11 April, for the first time, we got a hard copy of the brief that was supposedly signed on 4 April.

CHAIR: Just a time warning, Senator Rice.

Senator RICE: Yes. And then McKenzie's office emails public servants at 8.46 am, which is after parliament has been prorogued. Then there's emailing backwards and forwards between McKenzie's office and the PMO throughout the day. Then, at 9.10 at night on 11 April, they include Grange Thistle on the list of projects.

Mr Boyd: Yes, it was a late inclusion—as were some others.

Senator RICE: Despite the brief dated 4 April, we didn't have a finalised list of projects until 11 April after lots of backwards and forwards between the Prime Minister's office and McKenzie's office about whether specific projects would be included.

Mr Boyd: It's worth emphasising that, when that signed briefing was circulated, there was no list attached to the briefing. If you like, the list of which projects were being approved to be covered by that briefing was something that was circulated subsequently.

Senator RICE: Yes, that's right.

CHAIR: I'm sorry, Senator Rice. That's really time.

Senator RICE: In summary, this is a clear backwards and forwards of all three rounds of this engagement between McKenzie's office and the Prime Minister's office.

Mr Boyd: You have touched on some of the interactions, yes.

Senator RICE: Thank you very much. Thank you for all of your work.

CHAIR: Thank you, Senator Rice. Mr Hehir, there are a couple of final questions from me in the very brief time we have left. I want to revisit the issue that we've discussed in previous rounds of estimates of the issue of parliamentary privilege and the work of the ANAO. Have you had any further thoughts about the merits of a memorandum of understanding along the lines of the one that the AFP has with the parliament and the ANAO?

Mr Hehir: I think the nature of our work doesn't go to the same issues as the AFP's goes to. We audit the executive, not the parliament, and almost all of our work is about the administration of government. The AFP's memorandum largely deals with their jurisdiction with respect to members of parliament. I think that's correct. It's been some time since I've read it, so I'm sorry.

CHAIR: Sure. You do, though, in the course of your investigations, interview members of parliament and their staff from time to time.

Mr Hehir: We interview ministers, from time to time, and their staff, and we collect evidence from ministers and their staff in their administrative or other functions for the executive. We don't go to matters of parliament, to my knowledge.

CHAIR: As you know, in our system of government you can only be a minister if you are a member of parliament, and staff who work for members of parliament can, potentially, be covered by parliamentary privilege. I think there is potential for interaction between parliamentary privilege and your work in the same way that there is for the AFP, maybe not as often as it is for the AFP.

Mr Hehir: In my correspondence, I sent you some legal advice that we've had with respect to the intersection between parliamentary privilege and our work. What we try to do is work on the basis of that legal advice. That's how we deal with that issue: by keeping ourselves away from it, by dealing with the matters that are within our framework.

CHAIR: Yes, but that's only one half of the equation. Your legal advice might give you a view of parliamentary privilege but the parliament might have a different view of parliamentary privilege, and that's the value in a negotiated memorandum of understanding between the parliament and an agency like yours or the AFP.

Mr Hehir: The JCPAA has considered this issue in the past. What was the—

Ms Mellor: It's report 419.

Mr Hehir: Their consideration was, possibly, the reverse to what you're talking about there. There were some suggestions made in an inquiry into our legislation 10 years ago, I think it was, that our powers weren't strong enough to deal with ministers and their staff. They were provided with some evidence from the Audit Office, at the time, including the legal advice that we put to you, and they concluded that the framework was robust enough and appropriate for our activities.

CHAIR: I do anticipate it could be an issue on both sides of the coin; it could both be an impediment to the important work that you do as well as a potential trespass on the privilege of the parliament. That's why I think there's merit in a negotiated MOU that settles those issues or clarifies those issues, from the perspective of both entities involved.

Mr Hehir: My only thought is maybe that's something the inquiry of the JCPAA, going into our legislation, may deal with. There are a number of issues, with respect to parliamentary privilege, that we've faced recently that we'd like the committee to deal with. This is not least in the context of our audit on Hawkei and the litigation that was commenced with respect to—effectively, trying to prevent the tabling of an audit report. I'm not talking about the Attorney-General's actions, which are under at the act. There was a piece of court action being taken that went to whether—our audit reports are subject to parliamentary privilege and therefore can't be litigated in court—it's appropriate for an entity to try and get a legal injunction to us tabling an audit report, a paper that's prepared for the purpose of parliament.

There are issues like that, which we'll be putting towards the JCPAA in the context of the review. That might be an appropriate place to deal with it.

CHAIR: I think that's a fair point, and, given the hour, let's not continue the conversation too much longer. Thank you. If there are no further questions for the ANAO, I thank you very much for your attendance and your evidence here late this evening. That concludes the committee's examination of agencies for today. We'll be resuming tomorrow to continue our examination of the Prime Minister and Cabinet Portfolio. I would like to thank all ministers and officers who've given evidence to the committee today. I'd also like to thank Hansard, broadcasting and the secretariat for their assistance. I now declare this meeting of the Senate the Finance and Public Administration Legislation Committee adjourned.

Committee adjourned at 23:04