

QUESTION ON NOTICE/ Spoken

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Topic: Undersea Cable Funding

Senator Penny Wong

Question

Senator WONG: Okay, I accept that. Can I go to the budget announcement in May about the internet cable to PNG and the Solomons. Can someone tell me how that is being funded—hopefully by reference to Mr Wood's very good but incomplete tables. Mr Wood: I can have a go. Senator WONG: Your mic's not on. Mr Wood: Senator, the undersea cable is being funded through a combination of mechanisms. Firstly, there's a contribution from the Australian aid program, and then, secondly, there are contributions from the PNG and Solomon Islands governments. In relation to the contribution from the Australian aid program, you will see that reflected in the totals for PNG and the Solomon Islands, so it's a subcomponent of those budget totals that you see. Senator WONG: Yes, so, in the Senate estimates reporting table which goes over the forward estimates, are you telling me that each of those activity approval amounts—not committed but approval, I assume—includes a component for the cable, or is this still at the stage of preapproval? Mr Wood: I would need to confirm that, Senator— Senator WONG: Okay. Mr Wood: in terms of where the project is in terms of approvals. I can tell you about the budget allocations. Senator WONG: Why don't you do that. But I was interested in understanding—I know it's a little granular—the extent to which the May budget announcement is already reflected in this table, which is your line item forward estimates of each of the regional ODA programs. Mr Wood: Yes. Senator WONG: Do you want to do it at a high level? You can give me the numbers at a high level; what you can't do is tell me where they are in this table or if they are—correct? Mr Wood: I can tell you that within the PNG budget allocation and within the Solomon Islands budget allocation are the amounts coming from the Australian aid program to support that. Senator WONG: How much, and over what period? Mr Wood: It's over a couple of years—the 2018-19 financial year and the 2019-20 financial year. I have in front of me the 2018-19 component. I could give you that. Senator WONG: Yes. Mr Wood: We have an amount of \$29.6 million for PNG and \$50.4 million for the Solomon Islands. Senator WONG: Can you on notice give me 2019-20? I want the total cost of the project over those two line items. Mr Wood: Sure. Senator WONG: Are you able to get that? Mr Wood: We could get that. Ms Klugman or Mr Kang may have more precise details. Mr Kang: In relation to the total cost of the project, we estimate that it will cost

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up to A\$200 million. As Mr Wood has said, that would be spread out over the 2018-19 and 2019-20 financial years. Senator WONG: It's still a reasonably short time frame for that expenditure, though. Is the budget allocation over only those two financial years, or are you anticipating 2020-21 as well? Mr Wood: It is. If you look at the table that has the forward allocations for PNG and the Solomon Islands, you'll see that it drops off in 2020-21, which reflects the terminating measures. So, effectively, it's a short-term terminating measure. Senator WONG: Just so I'm clear: on notice you're going to give me how much is in each of these columns for 2018-19 and 2019-20 relating to this project?

Answer

DFAT's bilateral program allocations to the Coral Sea Cable are:

Country Program Allocations (\$m)	2018/19	2019/20
Papua New Guinea Bilateral Program	29.6	17.4
Solomon Islands Bilateral Program	53.4	29.6
Total DFAT Bilateral Allocations	83	47

DFAT allocations do not match the total estimated cost as the PNG and Solomon Islands Governments have committed to contribute to the cable.