Keyword	Title
QTB INDEX SPRING 2022	
AFM	Advance to the Finance Minister
AFP MATTER	AFP Matter
ANI	Australian Naval Infrastructure (ANI) Current Issues
ASL	Election Commitment, Public Sector Staffing
BRETT CATTLE	Live Cattle Export Ban Class Action
BUY AUSTRALIAN	Future Made in Australia Office
COLLINS SUBMARINES	ASC: Life of Type Extension (LOTE) to the Collins Class Submarines
COVID-19	COVID-19 advertising campaign
s 22	[redacted]
DATA SCHEME	Implementing the *Data Availability and Transparency Act 2022*
s 22	[redacted]
ECONOMIC CONDITIONS	Economic Conditions and Outlook
s 22	[redacted]
FINANCIAL REPORTING	Monthly Financial Statements - Year to date results
S22	[redacted]
FUTURE FUND ESG	Future Fund ESG Issues
GRANTS	Grants - ANAO report on the Building Better Regions Fund
INLAND RAIL	Australian Rail Track Corporation (ARTC) Inland Rail
JUDGES PENSIONS	Judges Pensions' Scheme
LAND ACQUISITION	Land Acquisition Matters
MOG IMPLEMENTATION	Machinery of Government Changes Implementation
MOP(S) DEMOGRAPHICS	Demographic data for MOP(S) Act employees
NATIONAL INTERMODAL	Development of Intermodal Terminals in Victoria and Queensland
NBN CO	NBN Co Current Issues
NEW CPRS	Updated Commonwealth Procurement Rules
NZ CITIZENS VOTING	New Zealand citizens voting in Australian elections
PARLIAMENTARIANS' REMUNERATION	Parliamentarians' Remuneration
QBT	QBT Wait Times and Delays
QUARANTINE	Purpose-built quarantine centres
RACHELLE MILLER	Miller Claim
REGULATORY REFORM	Regulatory Reform
SNOWY HYDRO	Snowy Hydro Current Issues
UNDERPAID SUPERANNUATION	Superannuation Salary - Rent Free Housing
WASTE SPENDING	Election Commitment, Audit of Wasteful Spending
S22	[redacted]

QTB INDEX |SPRING 2022	
Keyword	Title
s 22 [redacted]	
AFM	Advance to the Finance Minister
AFP MATTER	AFP Matter
ANI	Australian Naval Infrastructure (ANI) Current Issues
ASL	Election Commitment, Public Sector Staffing
BRETT CATTLE	Live Cattle Export Ban Class Action
BUY AUSTRALIAN	Future Made in Australia Office
COLLINS SUBMARINES	ASC: Life of Type Extension (LOTE) to the Collins Class Submarines
s 22 [redacted]	
COVID-19	COVID-19 advertising campaign
CYBER SECURITY	Cyber Hubs
DATA SCHEME	Implementing the *Data Availability and Transparency Act 2022*
DATA SECURITY	Hosting Certification Framework (HCF)
DIGITAL IDENTITY	Digital Identity
DIGITAL WOG AUDIT	Digital Review
ECONOMIC CONDITIONS	Economic Conditions and Outlook
s 22 [redacted]	
ENHANCED MYGOV	Enhanced myGov
FINANCIAL REPORTING	Monthly Financial Statements - Year to date results
S22 [redacted]	
FUTURE FUND ESG	Future Fund ESG Issues
GRANTS	Grants - ANAO report on the Building Better Regions Fund
s 22 [redacted]	
INLAND RAIL	Australian Rail Track Corporation (ARTC) Inland Rail
s 22 [redacted]	
JUDGES PENSIONS	Judges Pensions' Scheme
LAND ACQUISITION	Land Acquisition Matters
MOG IMPLEMENTATION	Machinery of Government Changes Implementation
s 22 [redacted]	
NATIONAL INTERMODAL	Development of Intermodal Terminals in Victoria and Queensland
NBN CO	NBN Co Current Issues
NEW CPRS	Updated Commonwealth Procurement Rules
s 22 [redacted]	
QBT	QBT Wait Times and Delays
QUARANTINE	Purpose-built quarantine centres
RACHELLE MILLER	Miller Claim
s 22 [redacted]	
REGULATORY REFORM	Regulatory Reform
s 22 [redacted]	
SNOWY HYDRO	Snowy Hydro Current Issues
UNDERPAID SUPERANNUATION	Superannuation Salary - Rent Free Housing
s 22 [redacted]	
WASTE SPENDING	Election Commitment, Audit of Wasteful Spending

S22

[redacted]

ADVANCE TO THE FINANCE MINISTER

Issue

Advance to the Finance Minister (AFM) provisions and allocations.

Headline Response

On 24 June 2022, I approved an AFM of $235 million to support the Government's commitment to delivering better broadband services in regional, rural and remote Australia.

Talking Points

- As part of its Better Connectivity for Rural and Regional Australia Plan, the Government committed to provide $480 million in the 2021-22 financial year towards an upgrade of the NBN Co's fixed wireless and satellite networks to improve broadband services for premises in regional, rural and remote Australia. This funding will provide certainty to the NBN Co that it will be able to proceed with the upgrade.

- To help meet this commitment, on 24 June 2022 I approved a determination to allocate $235 million from the AFM (in the *Appropriation Act (No. 1) 2021-2022*) to the then Department of Infrastructure, Transport, Regional Development and Communications.

  - [If required] The remainder of the funding was able to be obtained from existing resources.

- In case those opposite have forgotten, it was the previous Government that made a similar commitment in the 2022–23 Budget but no appropriation was made for it. This is typical from what we saw from those opposite – a failure to deliver.

- No AFM allocations have been made in 2022-23 to date.

- The Government will continue the accountability and transparency arrangements for AFM allocations which have been in place since March 2020, including a media release in weeks when AFMs are issued, and seeking the concurrence of the Shadow Finance Minister for any AFM allocation of $1 billion or more.

Contact: s 22
Contact No: s 22
Division: Financial Analysis, Reporting and Management
Date Updated: 19/07/2022
Date Last Printed: 12/08/2022 2:06 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser: s 22 **(Red text)**

Policy Commitments

- N/A

Background

The AFM is a longstanding provision that has been included in annual Appropriation Acts to accommodate urgent and unforeseen expenditure where the passage of additional Appropriation Acts is either not possible or not practicable.

The Appropriation Acts require that, in order for an AFM to be allocated, the Finance Minister must be satisfied that there is an urgent need for expenditure in the current year that is not provided for, or is insufficiently provided for, in the Appropriation Acts because:

- of an erroneous omission or understatement; or
- the expenditure was unforeseen until after the last day on which it was practical to provide for it in the Bill for the Act before that Bill was introduced into the House of Representatives.

2021–22 AFM allocations and historic provisions

Six AFM allocations totalling $2,042 million were made from the 2021-22 Budget Appropriation Acts, five of which were made by the former Finance Minister.

2021-22 AFM allocations made by the former Finance Minister include:

- AFM (Nos. 1, 3 and 5) provided $821 million to support construction of the Australian Government Centres for National Resilience in Melbourne, Brisbane and Perth that are being managed by Finance; and
- AFM (Nos. 2 and 4) provided $986 million to the National Recovery and Resilience Agency to support Pandemic Disaster Leave Payments.

Given the unique and evolving nature of the COVID-19 pandemic and the associated uncertainty around the necessary government response, the Parliament passed a series of extraordinary AFM provisions, totalling:

- $42.975 billion in 2019-20, from which $1.974 billion was allocated;
- $50.000 billion in 2020-21, from which $2.930 billion was allocated; and
- $10.000 billion in 2021-22, from which $2.042 billion was allocated.

2022–23 AFM Provisions

The Supply Act (No. 1) 2022-2023 and Supply Act (No. 2) 2022-2023 (2022-23 Supply Acts) provide two separate AFM provisions totalling $6 billion, comprising:

- $5 billion for future urgent and unforeseen COVID-19 related expenditure ($2 billion in Supply Act 1 and $3 billion in Supply Act 2). This is statutorily limited; and

- $1 billion for other urgent and unforeseen expenditure ($400 million in Supply Act 1 and $600 million in Supply Act 2).

Transparency and accountability

AFM determinations are legislative instruments but are not subject to the disallowance or sunsetting provisions of the *Legislation Act 2003*. AFM determinations are registered on the Federal Register of Legislation (FRL), along with an explanatory statement, and tabled in Parliament. The determinations are also listed on the Department of Finance website with a link provided to the FRL.

It has been a longstanding practice for the Australian National Audit Office to undertake an annual assurance review of AFMs allocated during the financial year and for the Finance Minister to table an Annual Report on AFM allocations in the Parliament. In March 2020, additional accountability and transparency arrangements were introduced to support the extraordinary AFM provisions established in response to the COVID-19 pandemic, including:

- a commitment to seek the concurrence of the Shadow Minister for Finance, on behalf of the Opposition, for any proposed AFM allocation over $1 billion; and
- a media release in weeks when AFMs are issued.

AFP MATTER

Issue

Three men were charged with conspiracy to defraud the Australian Government while working for an Australian public service agency.

Two men were found guilty on 7 July 2022 following a jury trial in the ACT Supreme Court.

A separate criminal trial relating to the third man is scheduled to commence in July 2022.

Headline Response

The Department of Finance referred this matter to the Australian Federal Police (AFP) in July 2019.

The Government expects staff working in Australian public service agencies to adhere to the highest standards of conduct. I respect the outcome reached by the jury in this matter.

Talking Points

- The matter originally came to the attention of the Department through the Public Interest Disclosure regime (under the *Public Interest Disclosure Act 2013*). Finance has appropriate mechanisms in place to respond to these issues as has been demonstrated by the Department's handling of this matter.
- The matter related to the supply of information technology contractors and was referred to the AFP in July 2019.
- Following investigations, the AFP charged three men with conspiracy to defraud the Australian Government while working for an Australian public service agency.
- The integrity of the Department's services and programs was not compromised.
- Subcontractors who had no involvement with the alleged conspiracy to defraud were not prevented from working for the Commonwealth and were re-engaged in the Department's services and programs as necessary.

Contact: s 22
Contact No: s 22
Division: BES
Date Updated: 11/07/2022
Date Last Printed: 12/08/2022 2:06 PM

Cleared by: Clare Walsh
Contact No: (02) 6215 2175
Cleared by Adviser:
PDR Number: QB22-000072

Policy Commitments - N/A

Background

The Department referred a matter to the AFP in July 2019 and has worked with the AFP in relation to its ongoing investigation. On 10 June 2020 the AFP executed a number of search warrants, including a warrant by appointment at the Department of Finance premises.

On 10 June 2020 the AFP arrested and charged three individuals.

On 11 June 2020, the individuals appeared before the ACT Magistrates Court where all three were charged with conspiracy to defraud the Commonwealth. Two of the individuals were also charged with abuse of public office, and they were all released on bail. The CDPP subsequently withdrew the charges relating to abuse of public office.

The AFP released a media statement on 11 June 2020 (Attachment A) advising of this matter. The statement notes that the Department of Finance reported this matter to the AFP in July 2019, has referred substantial information to support the AFP's inquiries and that investigators are continuing to conduct financial enquiries.

The Department also released a statement on 11 June 2020 (Attachment B) advising of this matter and confirming the Department expects anyone it engages to act with the utmost honesty, integrity and probity and will take strong action should this not be the case.

A further media statement was issued by the AFP on 1 July 2020 (Attachment C) advising that the AFP-led Criminal Assets Confiscation Taskforce had restrained assets including seven houses, motor vehicles and bank accounts worth an estimated $7.8 million.

On 13 October 2021, the AFP executed a further warrant by appointment at the Department's premises.

All 3 individuals entered a plea of not guilty. The criminal trial by jury in the ACT Supreme Court relating to two of the individuals commenced on 31 May 2022 and concluded on 7 July 2022. These two individuals were found guilty by the jury. A number of current and former departmental employees were called as witnesses to give evidence in the first trial.

A separate criminal trial relating to the third individual is due to commence in July 2022 in the ACT Supreme Court.

Not for public release

Finance took immediate and appropriate action in relation to the individuals involved and acted to confirm the integrity of Finance's systems and services.

ATTACHMENT A: AFP MEDIA RELEASE

THREE MEN CHARGED WITH CONSPIRACY TO DEFRAUD THE COMMONWEALTH

Publish date: Thursday, 11 June 2020, Publish time: 7:26am

Three men have been charged with conspiracy to defraud the Australian Government while working for an Australian public service agency.

Police will allege the men conspired to direct information technology contracts through preferred suppliers, and then received financial benefits as a result of this activity.

The matter was reported to the Australian Federal Police (AFP) in July 2019 by the Department of Finance, and an investigation was undertaken by AFP Northern Command's Fraud and Anti-Corruption Team.

Investigators executed a total of seven search warrants yesterday in the Canberra suburbs of Griffith, Barton, Narrabundah, Amaroo, Palmerston and Forrest in cooperation with the Department of Finance.

A 47-year-old Griffith man and a 50-year-old Palmerston man are due to face ACT Magistrates Court today (11 June 2020) charged with:

- Conspiracy to defraud the Commonwealth, contrary to section 135.4 of the *Criminal Code Act 1995 (Cth)* and
- Abuse of public office, contrary to section 142.2 of the *Criminal Code Act 1995*

A 36-year-old Barton man will also face ACT Magistrates Court today (11 June 2020) charged with:

- Conspiracy to defraud the Commonwealth, contrary to section 135.4 of the *Criminal Code Act 1995 (Cth)*

The maximum penalty for defrauding the Commonwealth is 10 years imprisonment. The maximum penalty for abuse of office is five years imprisonment.

AFP Deputy Commissioner Ian McCartney said the AFP is committed to identifying and prosecuting anyone who misuses public money for their own greed.

"Fraud is not a victimless crime and when public funds are used for personal gain, people are taking valuable funds away from essential services like hospitals and schools, impacting on all of us," he said.

"This is a complex investigation, involving the analysis of a significant volume of information. This includes substantial information referred to the AFP by the Department of Finance, and investigators will continue to conduct financial enquiries to ensure we have a complete understanding of this matter."

Media enquiries

AFP Media: (02) 5126 9297

ATTACHMENT B: STATEMENT ON DEPARTMENT WEBSITE

DEPARTMENTAL STATEMENT

Date 11 June 2020

The Department of Finance reported a matter to the Australian Federal Police (AFP) in July 2019 related to the supply of information technology contractors.

The Department referred substantial information to the AFP and has been working with the AFP to support their investigations.

As a result of these investigations the AFP have charged three men with conspiracy to defraud the Australian Government while working for an Australian public service agency.

The Department expects anyone it engages to act with the utmost honesty, integrity and probity and will take strong action should this not be the case.

As this matter is before the Court, it is not appropriate to comment further.

ATTACHMENT C: FURTHER AFP MEDIA RELEASE

$7.8 MILLION RESTRAINED FOLLOWING THE RECENT ARREST OF THREE MEN CHARGED WITH CONSPIRACY TO DEFRAUD THE COMMONWEALTH

Publish date: Wednesday, 1 July 2020, Publish time: 7:24am

The Australian Federal Police-led Criminal Assets Confiscation Taskforce (CACT) has restrained assets including seven houses, motor vehicles and bank accounts worth an estimated $7.8 million. This action follows the 10 June 2020 arrest of three men charged with conspiracy to defraud the Australian Government while working for an Australian public service agency in Canberra.

The CACT will allege the men conspired to direct information technology contracts through preferred suppliers, and then received financial benefits as a result of this activity, some of which was then used to purchase and renovate residential properties in Canberra.

The matter was reported to the AFP in July 2019 by the Australian public service agency, and an investigation was undertaken by AFP Northern Command's Fraud and Anti-Corruption Team.

The three men arrested were:

A 47-year-old Griffith man and a 50-year-old Palmerston man charged with:

- Conspiracy to defraud the Commonwealth, contrary to section 135.4 of the *Criminal Code Act 1995* (Cth); and
- Abuse of public office, contrary to section 142.2 of the *Criminal Code Act 1995* (Cth).

A 36-year-old Barton man charged with:

- Conspiracy to defraud the Commonwealth, contrary to section 135.4 of the *Criminal Code Act 1995* (Cth).

The AFP-led CACT, which includes staff from the Australian Criminal Intelligence Commission, AUSTRAC, Australian Border Force and the Australian Taxation Office, was formed in 2011 as part of a multi-agency crackdown on criminal assets.

Media enquiries

AFP Media: (02) 5126 9297

ELECTION COMMITMENT - PUBLIC SECTOR STAFFING

Issue

This Government is committed to rebuilding Australian Public Service (APS) capability.

Headline Response

The Government has abolished the Average Staffing Level (ASL) cap and is undertaking an audit of employment within the APS as part of our commitments to rebalance and rebuild the capability of the APS.

Talking Points

- Our Government is committed to building the capacity and capability of the public service and, as a model employer, taking steps to create more secure employment with fair and equitable conditions.
- To help achieve these goals, we have abolished the previous Government's Average Staffing Level cap – meaning Commonwealth entities will be able to hire permanent APS staff to fill permanent APS roles.
- We are determined to target the growth in insecure work in the APS by identifying where work can be done more efficiently and effectively by public servants in direct, permanent jobs.
- By rebalancing the public service workforce, our Government will also make sensible and staged savings from outsourcing arrangements on external private labour.

Policy Commitments

- As part of *Labor's Plan for a Better Future*, *Labor's Plan to Improve the Public Service*, and *Labor's Plan to Reduce Waste and Reinvest in the Australian Public Service*, the Government has committed to a wide suite of APS related reforms, including:
  - Abolishing the ASL cap.
  - Conducting an audit of employment within the APS.

Contact: Elicia Rudnicki
Contact No: (02) 6215 3692
Division: Budget Policy and Coordination
Date Updated: 05/07/2022
Date Last Printed: 12/08/2022 2:07 PM

Cleared by: Cath Patterson
Contact No: (02) 6215 2566
Cleared by Adviser:
PDR Number: QB22-000074

- Reducing spending on consultants, contractors, and labour hire (collectively known as external private labour).
- Reinvesting in APS capability, including 1,080 new secure frontline service delivery jobs at Services Australia, the Department of Veterans' Affairs, and the National Disability Insurance Scheme.
- Developing the APS into a model employer – one that has the capacity and capability to deliver better outcomes for Australia.

Background

On 25 May 2022, in a joint press conference with the Treasurer, the Finance Minister said "I've indicated that I think labour hire is a sensible place to focus on because they are in those areas where there's high use of labour hire in permanent jobs where they are more expensive than permanent jobs. We can start looking at that rebalancing work there".

On 25 May 2022, in an interview with ABC News, the Finance Minister said in response to a question about labour hire "…we think there's some rebalancing that needs to go on and we would start by taking a 10% save, but also looking at how we reinvest additionally back into the public service…it is definitely trimming spending, but it's also about rebalancing and building up capability in the APS".

On 27 April 2022, Labor released its plan for a *Better Economy, Better Budget and Better Future* which stated that "Labor will make sensible and staged savings from outsourcing arrangements and contractors, consultants and labour hire. We will reduce spending on outsourcing by $3 billion over the forward estimates".

Contact: Elicia Rudnicki
Contact No: (02) 6215 3692
Division: Budget Policy and Coordination
Date Updated: 05/07/2022
Date Last Printed: 12/08/2022 2:07 PM

Cleared by: Cath Patterson
Contact No: (02) 6215 2566
Cleared by Adviser:
PDR Number: QB22-000074

LIVE CATTLE EXPORT BAN CLASS ACTION

Issue

"Why has the Government not yet compensated those impacted by the 2011 ban on live cattle exports?"

Headline Response

In such large, complex class actions, determining who is entitled to compensation and how much they are entitled to takes time – both the claimants' lawyers and the Commonwealth have been working on this since the court decision in June 2020.

Talking Points

- Supporting Australian industry is one of the Government's key priorities.
- The Government compensated the original claimant, Brett Cattle Company Pty Ltd, in August 2020.
- Since the court decision, the Australian Government Solicitor has been working constructively with the claimants' lawyers to progress the related claims.
- The Commonwealth is progressing the related claims consistently with the *Legal Services Directions 2017*.
- As this matter is currently before the courts, it would not be appropriate to comment further.

Policy Commitments

N/A

Contact: s 22
Contact No: s 22
Division: Commercial and Government Services
Date Updated: 08/07/2022
Date Last Printed: 12/08/2022 2:07 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000075

Background

This class action arises from the decision of Justice Rares on 2 June 2020 in *Brett Cattle Company Pty Ltd v Minister for Agriculture, Fisheries & Forestry & Anor* [2020] FCA 732. His Honour found that the order made by the then Minister Ludwig on 7 June 2011 to suspend live exports to Indonesia was unlawful and that the former Minister had committed the tort of misfeasance in public office.

The 2021-22 Budget included funding to settle compensation and legal costs associated with claimants arising from the judgment. Payments to affected claimants will be met by the Commonwealth's insurance scheme, Comcover.

The Department of Finance (Finance) is working closely with the Australian Government Solicitor (AGS) and the claimants' legal representatives, MinterEllison, on the quantum of claims and legal costs.

On 18 March 2022, MinterEllison provided the relevant information for the Commonwealth to start assessing these claims. (The Commonwealth had requested this information on 21 May 2021.)

Payments to Brett Cattle in the original proceedings

The Commonwealth has paid damages of $2,936,629.99 (exclusive of interest; $2,949,138 inclusive of interest) on 6 August 2020 to Brett Cattle Company Pty Ltd. (This is public knowledge.)

On 9 July 2021, the Commonwealth also paid MinterEllison's legal costs in relation to the conduct of the matter between 27 October 2014 and 29 June 2020, in accordance with court orders.

- The quantum of this payment is confidential. Finance would need to seek legal advice in response to any request to release this figure. s4

Recent media

In May 2022, some media outlets reported the fact that MinterEllison had provided the Commonwealth with information in March and the estimated quantum of damages (see for example the article at Attachment A).

In response to subsequent media enquiries, Finance noted that AGS is working constructively with the claimants' legal representatives to progress the claims consistently with the *Legal Services Directions 2017*, but were unable to comment any further as the matter is currently before the court.

Not for public release

It is understood from the last Court Report on 20 May 2022 that there are currently 190 Funded Group Members, 10 potential group members and 12 Unfunded Group Members (represented by McCullough Robertson Lawyers) who are applicants in this matter. S 45 [redacted]

The Commonwealth is currently analysing the global settlement sum estimate, methodology and assumptions, which is a complex process and will take time.

No timeframe for resolution has been set by the court. The parties are required to regularly update the court on the progress of negotiations. The next Court Report is due on 22 July 2022.

Live export ban class action costs could more than triple for federal government

ABC Rural
/ By Michelle Stanley, Stephanie Sinclair, and Hugo Rikard-Bell
Posted Thu 12 May 2022 at 9:14amThursday 12 May 2022 at 9:14am

Compensation and interest costs associated with the 2011 live cattle export ban are expected to triple to almost $2 billion.*(ABC News: Steve Cavenagh)*

It has been 11 years since the federal government's snap ban on live cattle exports devastated the northern pastoral industry, and those fighting for compensation remain up to $2 billion out of pocket.

Key points:

- It is expected the total bill for the 2011 government's ban on live cattle exports to Indonesia will be close to $2 billion
- Initial estimates had put costs at $600 million
- People within the industry say they are frustrated by the slow process, two years after the Federal Court deemed the ban 'unlawful'

A class action against the Commonwealth has submitted its final analysis of the financial impact of the ban, pinning the damage at $1.2 billion, with a further $800 million in interest.

Previous estimates had put the cost at $600 million, which increased to $800 million as claimants rose in 2021.

Class action facilitator, Tracey Hayes, said the process had been a long and frustrating experience for claimants, who were still paying the price.

"I think about it like rust in their balance sheet; they have existing and compounding levels of debts that shouldn't be there, that is there as a result of this illegal decision by government," she said.

"The important piece for us is to get the compensation out the door and returned to people that were devastated and had their businesses impacted.

"It's been a long decade."

The class action's analysis was submitted to the Department of Finance six weeks ago, and members are awaiting a response.

Only the lead claimant in the class action had been paid — the Brett Cattle Company.

The Department of Finance confirmed it was progressing the claims but was unable to provide further comment.

Ms Hayes said the upcoming federal election should not cause further delays to the finalisation of the class action.

Live export class action facilitator, Tracey Hayes, says analysis of the claims has been sitting with the federal department of finance for more than six weeks. *(Supplied: Facebook NTCA)*

Pastoralists went broke waiting

Gilnockie Station's John Armstrong said the Federal Court ruling was a relief at the time, but the delay in compensation had cost many of his friends in the industry their livelihoods.

"It was just a cataclysmic event for us when it first happened. I know we put off several staff that very next day," Mr Armstrong said.

"But a lot of people also went broke because the compensation usually in terrible events ... is generally fairly quickly derived, but now we're looking at 12 years nearly, and we're still waiting.

"As a result, many of our friends and many people have gone broke in the meantime because they just couldn't bear the financial imposition of it."

It has been almost two years since the Federal Court deemed the 2011 live cattle export ban 'unlawful'.*(ABC News: Josh Spong)*

In addition to the direct financial impact, Mr Armstrong said the ban also impacted production and property maintenance.

"[It caused] considerably great problems for many of us because we didn't do our maintenance that we should have on our fences, and we didn't buy probably the right bulls that we should have, and we didn't put supplement into the cattle we should have so, therefore, our calving percentages went down.

"You're sort of compounding your costs of recovery by all those factors."

In Western Australia's Pilbara region, livestock export depot owner Paul Brown expressed his frustration at the length of time compensation was taking.

He said the lengthy process had been a factor in the decision to sell his business.

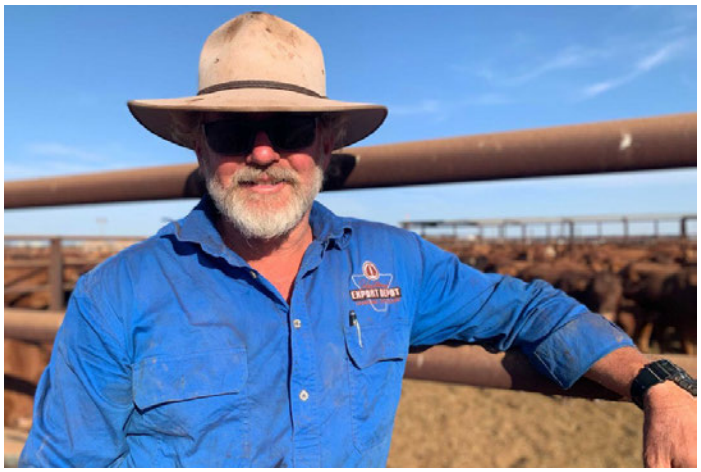
"Certainly, for us at the feedlot it's been hard," Mr Brown said.

"We just can't afford to keep waiting in the hope that we can get some money out in the end and invest in the feedlot and continue on."

Mr Brown said ongoing uncertainty had been concerning for the wider industry and impacted further investment.

"It's very frustrating that we're 11 years since the suspension, two years since the [court] decision, and there seems to be no light at the end of the tunnel in relation to the finalisation of this action so that we can all move on," he said.

"Money's locked up that we don't have access to, and it means it's very hard to invest in other things when you don't know what you're going to be getting at the end of it. If you're going to get anything at all."



Hedland Export Depot owner Paul Brown says the delay in receiving compensation as part of the class action has contributed to the decision to sell his business. *(ABC News: Rebecca Parish)*

'Hopefully' worth the wait, for those holding on

More than 10 years on from the original decision by then-agriculture minister Joe Ludwig, the increasing compensation payout made the delay "worth the wait" according to John Armstrong.

"I hope [it is worth the wait] for those who could hang on, but many couldn't, and went broke in the meantime," Mr Armstrong said.

"In 2011 we thought we were going to set up a five-year [retirement] plan ... well, we're still trying to formulate a five-year plan.

"It could've been handled much quicker, and the federal government of the day could've put in place initiatives to handle it better."

FUTURE MADE IN AUSTRALIA OFFICE

Issue

"Why is the Government establishing a Future Made in Australia Office?"

Headline Response

"The Government is establishing a Future Made in Australia Office to drive the Government's 10-point *Buy Australian Plan*, which will deliver improvements to government procurement and maximise opportunities for small, regional and indigenous-owned businesses."

Talking Points

- Each year the Australian Government spends approximately $70 billion on procuring goods and services.
  - This spending is a significant economic driver, it stimulates growth in small and regional businesses and across industry sectors, ultimately allowing businesses to employ more staff.
- The 10-point *Buy Australian Plan* (the Plan) outlines the Government's commitment to maximise opportunities for businesses to participate in Commonwealth procurement and contracts.
- Integral to the Plan is the establishment of a Future Made in Australia Office (the Office) – the most significant procurement reform program in recent times.
- The Office will provide a coordinated approach to implementing the Plan across Government.
  - The Office will engage with industry to enable greater involvement in government procurement by small and medium enterprises (SMEs), with a particular focus on regional and Indigenous-owned businesses.
  - The Office will leverage the Commonwealth Procurement Rules (CPRs) to actively support local industry to take advantage of government purchasing opportunities.

  - It will also act as a one-stop shop for government departments and agencies for procurement capability uplift support.

- Scoping discussions for the Office are occurring in the Department of Finance, in consultation with other key Government agencies, such as the Department of Industry, Science, and Resources (DISR), and the Department of Defence.
- It is expected that the Office will be established in August 2022.
- We have already begun the work of implementing the *Buy Australian Plan* – on 1 July 2022, I announced changes to the Commonwealth Procurement Rules to:
  - boost the number of SMEs that can benefit from Government spending by requiring 20 per cent of procurements by value to be sourced from SMEs, doubling the previous target of 10 per cent; and
  - require officials to consider a procurement's broader climate change impacts when undertaking a value for money assessment.

Policy Commitments

- Under its 10-point *Buy Australian Plan*, the Government has committed to the establishment of the Office, backed by laws that lock in key elements of the CPRs to actively support local industry to take advantage of government purchasing opportunities (refer Attachment A).
- The Government has also committed to maximising small business participation in Commonwealth procurement under its *Better Deal for Small Business* policy.

Background

Future Made In Australia Office (the Office)

On 9 October 2021, the Prime Minister (then Opposition Leader), made an address to the NSW Labor State Conference announcing a 10-point *Buy Australian Plan* (The Plan). The first point of the plan is the creation of the Office.

A majority of media articles on the Office have been positive. However, some express interest in further detail about the establishment and scope of the Office (e.g. refer Attachment B)

Updates to the Commonwealth Procurement Rules (CPRs)

On 1 July 2022, in a joint media release between the Minister for Finance and the Minister for Small Business, the Government announced changes to the CPRs that came into effect on 1 July 2022. The changes include:

- boosting the number of SMEs that can benefit from Government spending by requiring 20 per cent of procurements by value to be sourced from SMEs, doubling the previous target of 10 per cent;
- action on climate change, in line with the Government's commitment to reduce emissions, by requiring officials to consider a procurement's broader climate change impacts when undertaking a value for money assessment; and
- explicitly encouraging entities to approach multiple suppliers when procuring from a panel arrangement. This improves competition, driving value for money and ensuring a better deal for the taxpayer.

The Office will work closely with the policy owners of the CPRs in line with the Government's commitment.

Not for public release

The Office is being scoped to reside within the Department of Finance independent of, but in close proximity to, the whole-of-government domestic procurement and international trade policy functions.

This level of proximity will ensure that key policy enablers are able to independently consider and develop proposed policy reforms, with the Office acting as an interface between lead entities, industry voices and new and emerging policies.

It will also ensure that the implementation of the *Buy Australian Plan* appropriately considers our free trade obligations.

The Department of Finance will provide further briefing which will specify the establishment, design and scope of the Office once scoping discussions have resolved.

Attachment A

Labor's Buy Australian Plan | Policies | Australian Labor Party (alp.org.au)

An Albanese Labor Government will improve the way Australian Government contracts work, ensuring more opportunities are available to Australian businesses and their employees through our 10-point **Buy Australian Plan**.

1. Establish a **Future Made in Australia Office**, backed up by laws that will lock in key elements of Commonwealth Procurement Rules (CPRs) to actively support local industry in taking advantage of government purchasing opportunities

2. Maximise opportunities for Aussie businesses in major infrastructure projects

3. Open the door to more government work for more small and medium businesses by decoding and simplifying procurement processes

4. Establish a **Secure Australian Jobs Code** to prioritise secure work in government contracts and ensure that government purchasing power is being used to support businesses that engage in fair, equitable, ethical and sustainable practices

5. Provide more opportunities for First Nations businesses with a view to maximise skills transfer so that we can get more First Nations workers into long-term skilled work

6. Level the playing field by bringing in a Fair Go Procurement Framework requiring those that gain government contracts to pay their fair share of tax

7. Supporting industry sectors through the government's purchasing power

8. Use government spending power to take action on climate change and support energy projects

9. Strengthen Defence industries and capability

10. Make National Partnerships work to maximise the use of local workers and businesses

Attachment B

https://www.innovationaus.com/a-future-made-in-australia-office-waits-on-detail/

A Future Made in Australia office waits on detail

Labor got a solid round of applause when it unveiled plans for a Future Made in Australia Office last October in the run-up to the federal election as part of a 10-point Buy Australian Plan.

It was broadly welcomed by industry as a no-brainer policy for building sovereign capability, and for bolstering critical supply chains.

The policy very simply identified government procurement policy as “a major economic lever available” to drive the economic recovery.

Unsurprisingly and within a day of the policy announcement, the tech industry was calling for more detail. Since then, little has emerged about how the office will work in practice.

Up to a point, the Future Made in Australia Office is a direct lift from the US, where Joe Biden created a Made in America office in January last year with the signing of his first executive order.

The US is far more willing to use the purchasing power of its federal government to achieve industry development goals than Australia, which has for decades hamstrung industry policy in this country.

The Joe Biden Made in America executive order put in place an America first procurement policy. It meant that federal departments and agencies are required to apply for a waiver to the Made in America office in the event they want to source product or services from a non-US supplier.

President Biden appointed former trade union official and trade expert Celeste Drake as the first Made in America director.

In Australia, it is far from clear how a comparable Future Made in Australia office will be structured and what enforcement mechanisms will be put in place to give it a chance of success.

What we do know is that the office will be housed within the Finance portfolio, which is enough to make your heart sink if you are an Australian supplier.

In relation to ICT procurement at least, it is a sad reality that Finance views Australian companies with disdain, regardless of how competitive these companies’ products are.

There is no premium too high that conventional Finance ‘thinking’ won’t pay in order to make an overseas company the preferred supplier, rather than a local company with a competitive and comparable product.

This is both a cultural and a systemic issue. The culture piece is the bigger obstacle, the mountain that the new government must climb.

We don't yet know what mechanisms this Future Made in Australia Office will have to enforce the 'Buy Australian' promise.

Will departments and agencies need to apply for a waiver to buy from a non-Australian supplier where a local supplier has a comparable product or capability? How will they be required to demonstrate that a local supplier cannot be engaged?

Will they be required to provide a specific and public reason – and what powers will the Future Made in Australia Office have to overturn a decision?

While procurement rules have been changed to double the participation of Australian SMEs from 10 per cent share of a Commonwealth entity's procurement by value to 20 per cent, these rules do little to build Australian capability at scale.

There has been a decades-long obsession with SME participation in Australian procurement policy. If the intention of the policy is to assist smart local tech SME's to become large successful companies, where are they?

The focus should be on Australian companies. And any opportunity there is to give an Australian company a prime contract role on large tech projects should be taken.

What the new procurement rules do not do is to apply specific weighting to the full retained economic benefit of local supplier operations when departments are working out their value for money calculations.

The other issue is the structure of the Future Made in Australia Office. What role the Industry minister will have in its operation?

That minister is Ed Husic, and he was standing next to the now Prime Minister when the Buy Australian Plan was announced last year as a policy Labor would take to the May election. But the office is in Finance, and that's a place that is simply not industry friendly.

When Anthony Albanese unveiled the policy, he said Ed Husic and Finance minister Katy Gallagher would both lead a Cabinet sub-committee on procurement. How this works is unclear. The sub-committee is not yet constituted.

But a Cabinet committee is outside of the sightlines of the local industry. How will progress be measured? And how will that progress be communicated?

James Riley
Editorial Director

Contact: s 22
Contact No: s 22
Division: Procurement and Insurance Division
Date Updated: 20/07/2022
Date Last Printed: 12/08/2022 2:07 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000076

ASC: LIFE OF TYPE EXTENSION (LOTE) TO THE COLLINS CLASS SUBMARINES

Issue

Will the LOTE for the *Collins* cover any submarine capability gap in the 2030s?

Headline Response

The Government is engaging closely with the United States and the United Kingdom to ensure there will be no capability gap as Australia transitions to nuclear-powered submarines. This includes considering all options for the continuity of a submarine-based capability including extending the life of all six *Collins* Class submarines which will support the ongoing service of the *Collins* Class submarine fleet through to 2048.

Talking Points

- The LOTE Program is a key enabler for Australia's continued deployment of submarine capability throughout the 2030s and 2040s, and plays a vital role in maintaining the capability throughout an extended operational period.
- The Program will address age-related, supportability and obsolescence issues and equip the *Collins* Class fleet with modern systems to provide an enduring and potent submarine capability - critical to Australia's national security.
- The LOTE Program will directly support development and retention of a sovereign shipbuilding workforce, specifically skilled in design, construction and sustainment of submarines.
- ASC is well positioned to deliver the LOTE Program. ASC employs more than 1600 Australians, which comprises the nation's most experienced submarine workforce. The company built the *Collins* fleet and continues to sustain and continuously improve the submarines in response to the capability requirements of the Royal Australian Navy.
- Currently, ASC is in the systems design phase of the LOTE Program, which is on track to commence modifications to HMAS *Farncomb* in mid-2026.

Contact: Sacha de Re
Contact No: (02) 6215 2643
Division: Commercial Investments Division
Date Updated: 21/07/2022
Date Last Printed: 12/08/2022 2:10 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000077

If pressed about a submarine capability gap

- The Government is committed to the acquisition of nuclear-powered submarines to ensure the Australian Defence Force is equipped to protect Australia and contribute to the stability and security of our region.
  - The Government is undertaking an 18-month consultation process with the United States and the United Kingdom, expected to be finalised in March 2023.
- This consultation process will allow the Government to consider the full suite of requirements for a nuclear-powered submarine and the optimal pathway for its acquisition and ensure there is no capability gap.
- The Minister for Defence has stated that 'extending the life of *Collins* will be part of the solution' to fill the gap for the nuclear-powered submarines build.

If asked about "Son of Collins" and interim capabilities

- The Government is examining all options to manage the transition from the *Collins* Class but has not made a decision on whether to pursue an interim submarine platform.

ASC is engaging suppliers to support LOTE design

- ASC has engaged SAAB Kockums (designer of the *Collins* fleet) as a capability partner to embed specialists into the LOTE design team using a short-term arrangement, ahead of a longer-term contract being finalised.
  - A small number of SAAB Kockums staff are currently located within the ASC design team.
  - Further SAAB Kockums employees are expected to be integrated into the program in the future. They will be supported through reach-back to SAAB Kockums in Sweden.
- ASC is also in contract with Jeumont Electric for the main motor, Rolls-Royce Solutions (formerly MTU) for the diesel generators, and Euroatlas for the power conversion equipment for the systems design phase of the LOTE Program.
- ASC will be progressively contracted over the next two years for the procurement of long lead items for LOTE, and will further engage key suppliers.

If pressed about SAAB Kockums participation in LOTE

- The relationship between ASC, SAAB Kockums and Defence is both positive and productive.
  - Defence continues to support ASC in its ongoing engagement with other companies, including SAAB Kockums.
- ASC is actively engaging with SAAB Kockums and they will play an important role in the successful delivery of *Collins* LOTE.

Attack Class settlement

- On 11 June 2022, the Government announced a mutually-agreed, fair and equitable settlement with Naval Group at a cost of approximately $830 million (€555 million) (at Attachment A).
  - This confidential settlement concludes the decision of the former Government to terminate the contract for the *Attack* Class submarine program.
- As a result of the settlement, total direct expenditure on the *Attack* Class submarine program is $3.4 billion, from an approved budget of $5.4 billion.
  - This is inclusive of Lockheed Martin Australia's costs associated with the *Attack* Class combat system contract.
- The conclusion of the *Attack* Class submarine program will allow Australia to move forward with its relationship with France.

Policy Commitments

- The Government has committed to the acquisition of nuclear-powered submarines under the AUKUS trilateral security partnership and to strengthen submarine capability for all six *Collins* Class submarines through the LOTE Program.

Background

On 16 September 2021, the previous Government announced approval for the Life of Type Extension to all six submarines in the *Collins* Class submarine fleet from 2026 in South Australia.

In October 2021, ASC executed a contract with Defence for System Design and Detailed Design for the Core Projects of the LOTE Program to May 2024, estimated at S 45 for the ASC-held component.

- Additional scope is pending Government consideration and approval. When the full scope will be finalised is a question for the Minister for Defence.

The scope of the LOTE Program, which is estimated to cost $4.3 to $6.4 billion, as outlined in the *Force Structure Plan 2020*, includes:

- changes to the equipment in the submarine within the original design parameters for the *Collins* Class, including an upgrade to propulsion and power distribution systems, diesel motors and generators; and
- an optronics upgrade to improve the *Collins* Class' surveillance and intelligence gathering capability.

The LOTE Program has experienced some delays due to COVID-19 resulting in rescheduling of some trials to support design development.

- This has been managed within the program's overall schedule, with HMAS *Farncomb* the first boat to commence it's LOTE in 2026, followed by the rest of the *Collins* fleet on a two-year cycle.

On 20 June 2022, The Australian published an article stating ASC is not engaging with SAAB Kockums to conclude a proposed teaming agreement to deliver *Collins* LOTE (Attachment B refers).

On 7 July 2022, the Minister for Defence was interviewed by ABC Radio Adelaide and stated that 'extending the life of *Collins* will be part of the solution' to fill the gap for the nuclear-powered submarines build and 'there will definitely be life-of-type extensions on the *Collins* submarines' (Attachment C refers).

Attachment A

NAVAL GROUP SETTLEMENT

MEDIA RELEASE

11 Jun 2022

Prime Minister, Minister for Defence, Deputy Prime Minister, Minister for Foreign Affairs

The Australian Government has finalised negotiations with Naval Group to conclude the Attack class submarine program.

The former government made the decision to terminate the contract on the basis of advice about capability requirements for the Australian Defence Force—advice that was accepted by Labor in Opposition.

We have reached a fair and equitable settlement of €555 million (around $830 million) with Naval Group.

Now that the matter is resolved we can move forward with the relationship with France.

Australia and France share deep historical ties of friendship, forged in common sacrifice in war.

We are both vibrant democracies, committed to upholding human rights and fundamental values.

We deeply respect France's role and active engagement in the Indo-Pacific.

Given the gravity of the challenges that we face both in the region and globally, it is essential that Australia and France once again unite to defend our shared principles and interests: the primacy of international law; respect for sovereignty; the rejection of all forms of coercion; and taking resolute action on climate change.

I look forward to taking up President Macron's invitation to visit Paris at an early opportunity, and to continuing to work closely with him as we deepen the strategic partnership between our nations.

Attachment B

COLLINS-CLASS REFIT IN TROUBLE OVER STAND-OFF WITH DESIGNERS

By Cameron Stewart Associate Editor, The Australian

Monday 20th June 2022 at 12:00am

The navy's plan to extend the life of its Collins-class submarines for another decade is in trouble, with the country's naval shipbuilder, ASC, refusing to engage seriously with the submarine's Swedish designer to help overhaul the ageing boats.

With planning under way for the $6bn life of type extension (LOTE) for the six Collins submarines, the navy and ASC have shunned the boat's designer, SAAB, giving the company only a minor role so far in the program. Defence insiders say only SAAB, as the original designer of the Collins-class fleet, has the expertise to guide ASC through what will be the most complex submarine refit undertaken in Australia to try to extend the life of the fleet by a decade.

If the LOTE program cannot be completed on time, it will greatly increase the danger of a capability gap in Australia between the retirement of the Collins boats and the arrival of the first nuclear-powered submarine.

SAAB has been unable to persuade ASC to conclude a proposed “teaming agreement” to join forces to carry out the LOTE.

The only involvement for SAAB so far on the LOTE is a minor contract that allows for just seven SAAB employees to be embedded with the company in a project that will involve hundreds of engineers over a decade. “The bottom line is that the ability to keep the Collins-class boats in the water for another decade will be gravely undermined unless Defence agrees to bring in the expertise of the actual designer of the submarines,” one insider said.

Defence has had a rocky relationship with SAAB ever since the troubled start to the Collins submarines in the 1990s, where teething problems saw the new boats labelled by the media as “dud subs”.

The navy's relationship with the designer, SAAB Kockums, worsened after the company was briefly acquired by German shipbuilder HDW, including litigation disputes over intellectual property rights.

The lingering resentments saw Defence surprise many by excluding Sweden from the competitive tender in 2016 between France, Japan and Germany to provide the future submarine.

However, the planned acquisition of nuclear submarines and the long timeline involved has made it essential the life of the Collins fleet be extended under the LOTE program.

SAAB has already completed midlife upgrades of two Gotland class submarines for Sweden's navy, giving the company recent experience on major submarine upgrades in contrast to the ASC, which has never attempted an upgrade.

The LOTE program will take two years for each submarine progressively and will overhaul and upgrade the submarine's propulsion and power distribution systems, diesel motors and generators as well as an optronics upgrade.

Work is due to begin on the first boat, HMAS Farncomb, in 2026, with the upgrade of the last boat being completed in 2038.

The fleet will retire one boat every two years from 2038.

ASC concedes that only a small number of SAAB employees is currently involved in the LOTE design team but says more SAAB experts will be used in the future as the program matures.

“ASC is engaged with SAAB Kockums as a capability partner for design activities for LOTE,” an ASC spokesperson said. “This has resulted in a small number of SAAB Kockums staff being temporarily located within the ASC design team. Further SAAB employees are expected to be integrated into the program in the future.”

ASC said it was currently designing the systems that would be used in the LOTE and had already entered into design contracts with key suppliers for main motor, diesel generators and power conversion equipment.

Defence Minister Richard Marles is expected to support the previous government's plan to put all six Collins submarines through the LOTE program.

He is likely to force ASC to rely more heavily on SAAB's expertise if the shipbuilder continues to keep the Swedish company at a distance.

Even if the LOTE program is successful, there is likely to be a capability gap between retirement of the Collins fleet and the arrival of the first nuclear boat in around 2040.

Mr Males is considering whether an interim conventional submarine is required to bridge this expected gap.

Attachment C

INTERVIEW WITH DAVID BEVAN, ABC RADIO ADELAIDE

7 July 2022

DAVID BEVAN: When an opportunity comes up to speak to the Deputy Prime Minister and Defence Minister, we're going to grab it. I had that opportunity earlier this morning. He came out to the ABC studios here at Collinswood and I began by asking him this question:

Since the election, how much have you learnt about the challenges involved in acquiring a nuclear powered submarine? Because I imagine you're in Opposition, it's a bit like you're in a dark room - you're just trying to work out what's going on. You win office and suddenly the lights are turned on. Were there any surprises?

DEPUTY PRIME MINISTER: It's a really good question. That's a pretty good analogy, actually. You, kind of, in Opposition, are feeling your way around the room. You have a sense of what's in there and you know that the lights are off, and you know that if you do get the opportunity of governing, you'll get to turn the lights on and see it and that's what's happened. So, the answer is I've learnt a lot. I would be honest in saying I've still got a lot more to learn. There have been some learnings which I hadn't expected, which I'm really happy to share with you today. It's a huge challenge. It's really one of the biggest undertakings that our nation will ever do, is to acquire a nuclear powered submarine. But it's critically important and that last point is something that I could see from Opposition. We do need this capability.

BEVAN: What was the most significant thing you learnt when you turned the lights on?

DEPUTY PRIME MINISTER: I think — and it's really the point I've been trying to make over the last couple of days — it is critically important that we develop an industrial capability here in Australia, and that means here at Osborne. The industrial capabilities of both the United States and the United Kingdom when it comes to building subs are at full capacity. So, were we to make a decision, for example, that we wanted to buy these submarines off the shelf, have them built overseas, we would be putting ourselves in a very long queue and it would take a long time to get the capability. So, in many ways, it's actually through the lens of AUKUS, it's our contribution to the three nations that we do develop the industrial capability here in Australia to build submarines — to build the nuclear powered submarines. And seeing it through that lens, that it's not just a desirable thing for our industry, although it very much it, but it's actually something that really is, I feel, an obligation on the part of the country in terms of our commitment to AUKUS but is also the pathway to getting the eight submarines the fastest.

BEVAN: So, you're saying there is no shortcut to getting a nuclear powered submarine?

DEPUTY PRIME MINISTER: Well, I'm looking at every avenue to get them as soon as possible, so if there are shortcuts out there, which we can do thoroughly, I'll be looking for them. But really, the point I'm trying to make is that building capability here in Australia, here in Adelaide, is part of getting there as fast as we can. And that's a really important point for Australian industry to understand, but it's an important opportunity for South Australia to understand.

BEVAN: Do we know if we're going to get a British or American nuclear powered sub?

DEPUTY PRIME MINISTER: We don't yet. I mean, we know we'll get one of them.

BEVAN: Because it's almost a year since we tore up the French deal.

DEPUTY PRIME MINISTER: Not quite a year.

BEVAN: Well, it was around September, wasn't it, last year?

DEPUTY PRIME MINISTER: Indeed.

BEVAN: Yeah.

DEPUTY PRIME MINISTER: So, and I think the time frame that the former government set out then is about right in terms of making its decision and, again, this is probably another learning for me. I wondered whether or not from opposition this was an obvious decision. It's not. There is a process to be worked through here in terms of, not just whether it's British or American, but exactly what is the option that we will pursue. That process is very much in full swing. I do think being able to make a decision in the early part of next year is right, and that's the time frame that we are working to. We need to do that quickly and that would be quickly. It's important that we know exactly what the option is that we are pursuing and then, in addition to that, what I've asked, okay, if we make the decision about what we're going with, I want to know every possible way we can bring that forward because time is of the essence. ***We need this capability as quickly as possible because a capability gap really has been opened up by the former government. And if there is then a capability gap, which we're expecting, how do we fill it?***

BEVAN: When will the first nuclear powered submarine be ready for active service?

DEPUTY PRIME MINISTER: Good question, and I don't know the answer. I suppose the way I would answer that is that when we took office, where the former government had left it, is probably the answer to that question was in the mid 2040s. I'm really looking at ways in which we can try and get that earlier because that is a long way off. And to put that date in some kind of context, when Collins were first built, when the former government came to power in 2013, it was expected that Collins would start to come out of service in the middle of this decades, in the next few years, which would have meant that we would have expected to have a successor submarine, likewise, in the middle of this decade. The fact that we are now looking at it in the 2040s is effectively a 20 year capability gap that we need to find an answer to. Now part of that, I think, is trying to work out can we bring that date forward as far as possible, but ***we are going to have to look at options about how we get from this day, in 2022, to whenever that first sub gets in the water. And it's simply not an option for the nation to have a decline in submarine capability over that period.***

BEVAN: When we do get that boat, will it have been built in Australia? Is there any doubt in your mind about that?

DEPUTY PRIME MINISTER: The first boat?

BEVAN: The first boat.

DEPUTY PRIME MINISTER: Well, I think the answer to that is that the first boat will have — there'll be parts of it that are constructed in different parts of the world, and we know that now. In fact, if we're being honest, we know that in relation to the last boat in the sense that the nuclear reactor will not be constructed in Australia, so that has always been clear. And even when you talk — well, when we talk about Australian industry content on any vessel, it's never one hundred per cent, so we're talking about a really, really complex machine which is going to have components that come from — I was going to say all over the world, it's not all over the world but from a number of countries. What is really clear, though, is we have to build the capability in Australia. Like, building the industrial capability and really doing it as a quickly as we can is central to us getting these capabilities as fast as possible.

BEVAN: Can you understand why people listening right now — because this project is very important, it's important to the whole nation, but of course it's very important to South Australians because we expect to play a major role in building the things. Can you understand why people listening right now would be thoroughly confused, thoroughly confused because we were promised we were going to have these French built subs and they were going to be 80, 90 per cent Australian content and then it went down to 60 per cent and then the whole thing was torn up. We might get a British boat. We might get an American boat. You don't know when we're going to get them. You don't know how much Australian content there's going to be in there, and this is about the defence of the nation, for crying out loud.

DEPUTY PRIME MINISTER: Yeah, I think people are thoroughly confused and it has been a very confusing nine years. I mean, the former government really were out there trying to get a submarine from Japan, and they walked away from Japan. Then they did a deal with the French and then they ripped up that deal a few years later. So, we have been all over the place as a nation in terms of acquiring the successor to Collins. ***That is why, effectively, over the period of the last decade a 20-year capability gap has opened. I am very mindful of this. I'm very mindful that the process that we are going through right now about choosing which option we run with, is important.*** But really when we announce that, we actually need to be providing an announcement to the Australian people - and very much the people of South Australia, an answer which ends that confusion. ***An answer which says here's the boat we're going to run with, this is the year in which we're going to get this, this is the capability gap that is therefore opened up, and here is how we're going to plug it.*** I think that's a kind of national capability message. I think there's an additional message for those in South Australia which says and this is South Australia's role in it. Now, South Australia is going to have a massive role in it. I mean, ***what is really clear is that the heart of the nation's shipbuilding effort, but submarine building effort as well, is here in South Australia. This is where the skills are. This is where the infrastructure is. We need to get this capability as soon as possible, so leveraging a strength, which is what Osborne is, is going to be fundamental to that answer.***

BEVAN: What's it going to cost?

DEPUTY PRIME MINISTER: Good question as well. That announcement that we make at the beginning of next year will have to answer that question as well, which is the cost. It is going to be significant. But perhaps it's at this point, which is why do submarines matter? Submarines matter because they, of all the platforms we have, are the one which has the capacity to put the biggest

question mark in any adversary's mind. They are pound for pound, dollar for dollar, the best way we can acquire capability which builds Australia's strategic space. What does that mean? That means empowering Australia to act in the world. I don't mean just in a military sense, but in terms of our diplomacy, in terms of our trade. Getting the hard power equation right is fundamentally important in terms of building our strategic space so that we can pursue a national interest in the world. And as an island trading nation that really matters.

BEVAN: Are you going to be - because you've got to build these nuclear powered submarines, but you've also got to plug the gap, and then we're talk about extending the life of Collins or the son of Collins. Is all of that going to be done down at Osborne? And when you're building facilities for an extension of Collins or a replacement of Collins - son of Collins - and a nuclear powered submarine, it's like trying to tap your head and rub your tummy at the same time. I mean are these facilities going to be compatible? Or are you trying to do too much down at the one spot?

DEPUTY PRIME MINISTER: Again, a really good question. I think the way to answer that is, in terms of how we plug the gap, my mind is very open to really whatever possibilities are out there based on the amount of time that we need to cover, if that makes sense. And we don't know the answer to that yet because of where the process is up to, but that, in turn, means it's really important as we sit here in July of ’22 that we have an open mind, and mine is open***. I think the one thing we do know is that extending the life of Collins will be part of the solution.*** We also know that Osborne is Collins central, if I can put it that way. And so Osborne is going to have a really important role. Osborne is where we will develop the capability around nuclear-powered submarines. Osborne is Collins central. I mean, there is some shorter-term maintenance which is done in Western Australia, but Osborne is where Collins was built. It's where the full cycle docking occurs now. It's where the life of type extension will happen, and that's an important thing for people to understand as well. ***And there will definitely be life of type extensions on the Collins submarines.***

BEVAN: And you can do all of that down at Osborne and build a facility that will build you a completely different, in so many ways, nuclear powered submarine? You can do all of that down at Osborne?

DEPUTY PRIME MINISTER: Well, the answer is yes. There is space there and yesterday, for example, I was looking at actually the space that would be available where you could do exactly those things. But I think it comes back to that first point. We need to be leveraging national strength here if we're going to get this as quickly as possible. And playing to our strengths is playing to Osborne. That's really the point. In terms of Collins and extending the life of Collins and whatever may happen there, that's where the infrastructure is. You've got the sheds, which is where Collins was built, which now does the full cycle docking. That’s a whole lot of infrastructure, like massive infrastructure right there now, which is operating –

BEVAN: But you're going to have to build much, much bigger facilities for the nuclear powered.

DEPUTY PRIME MINISTER: No doubt.

BEVAN: And for the replacement, the stopgap, son of Collins, if you have that. You're going to have to — is there going to be dredging down there to fit these things? Because they're huge, aren't they, they're much bigger than Collins?

DEPUTY PRIME MINISTER: They would be. I think they are steps we need to consider going forward. ***But you know right now the infrastructure is there for Collins and in terms of getting Collins — well, extending the life of Collins – Osborne is central to that equation.***

BEVAN: So, you need people.

DEPUTY PRIME MINISTER: Yes.

BEVAN: And you don't want to lose the people.

DEPUTY PRIME MINISTER: No.

BEVAN: So is basically what you're saying, Richard Marles, to South Australians and the entire nation is just: hold on, be patient, you'll get answers in six months' time. We'll fill in the gaps early next year?

DEPUTY PRIME MINISTER: Yeah, give me nine months, but in part that is right. But I think we are also saying to South Australians that there is huge opportunity here. Whichever way you cut this, there is massive opportunity for this state. We don't get to the end of this project or to the maturation of this project without leveraging our national strengths and the strength is here. So, whatever is the precise answer, it is a great opportunity for this state and for this city. And might I say, the supply chains which are going to support this will extend right across the country so there'll be opportunities beyond South Australia as well, but this is going to be the centre of it.

BEVAN: Richard Marles, thanks for your time.

DEPUTY PRIME MINISTER: Thanks for having me.

ENDS

COVID-19 ADVERTISING CAMPAIGN

Issue

What campaign advertising activity is the Government undertaking on COVID-19?

Headline Response

Given the significant health impacts of COVID-19, communication to inform the public about the Government's preventive health measures continues, most importantly by encouraging Australians to get vaccinated.

Talking Points

- Advertising activities continue to encourage uptake of the COVID-19 vaccination program. New advertising materials encourage Australians to stay up to date with their COVID–19 and influenza vaccinations:
  - Winter Vaccination;
  - Winter Vaccination (First Nations People);
  - Boost (First Nations People); and
  - Five to 15 year old Vaccination campaigns.
- The Winter Vaccination – *Take on Winter* campaign reminds Australians of the need to stay up to date with their COVID–19 and influenza vaccinations to help protect them from serious illness. The campaign launched on 23 June 2022.
- The Winter Vaccination – *Winter is the Best Time (First Nations People)* campaign is a bespoke campaign specifically targeting First Nations audiences reminding people of the importance of staying up to date with their influenza and COVID–19 vaccinations. The campaign launched on 23 June 2022.
- The tailored *Boost* campaign reminds First Nations audiences of the reasons to get a COVID–19 vaccine booster shot and encourages people to take action and talk to their healthcare worker about getting a booster shot. The campaign launched on 23 June 2022.

Contact: Sally Harris
Contact No: (02) 6215 2503
Division: Governance/Communications Advice
Date Updated: 6/07/2022
Date Last Printed: 12/08/2022 2:10 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:
PDR Number: QB22-000078

- The Five to 15 year old vaccinations – *Kids will be Kids* campaign aims to address parents' key barrier to the uptake of the COVID-19 vaccine for their children by reassuring them the Therapeutic Goods Administration has rigorously assessed the safety and efficacy of the vaccine and approved it for children. The campaign launched on 27 June 2022.

- Questions in relation to further detail on the COVID-19 campaign should be directed to the Minister for Health and Aged Care.

Policy Commitments

- N/A.

Background

- The COVID-19 Vaccines campaign launched on 27 January 2021 and aims to inform and reassure the Australian community about the safety and efficacy of COVID-19 vaccines, provide confidence in the assessment and approval process, raise awareness about who is eligible to receive the vaccines, and support uptake of the vaccination program.

Contact: Sally Harris
Contact No: (02) 6215 2503
Division: Governance/Communications Advice
Date Updated: 6/07/2022
Date Last Printed: 12/08/2022 2:10 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:
PDR Number: QB22-000078

COMCAR FLEET- ELECTRIC VEHICLE TRIAL

Issue

What is the Government doing to transition the COMCAR fleet to more environmentally responsible vehicles?

Headline Response

Finance is aligning future COMCAR fleet decisions with the Government's low-emissions commitment.

Talking Points

- Government election commitment and part of *Powering Australia* plan: to convert the Commonwealth fleet to low-emissions vehicles with a target of 75% of new passenger vehicle leases and purchases by 2025.
- Finance is developing a future COMCAR fleet strategy to reach target.
- Finance initiated a transition to a more environmentally responsible fleet in its 2019 refresh of the COMCAR fleet, moving away from high-emission vehicles.
    - In February 2021, Finance initiated a two-year trial to assess the viability of electric vehicles (EVs) for future COMCAR fleets.
    - Trial purpose: to assess infrastructure and operational capability requirements.
    - Trial is currently in its final stage with the EVs part of the Melbourne fleet, having previously been in Canberra and Sydney.
- Finance has also commenced a process to assess the current Australian vehicle market with a view to replacement of the current COMCAR fleet from late-2023.
- In line with the Australian Government Fleet (AGF) Vehicle Selection policy, COMCAR is assessing a wide range of vehicles, including Plug-in Hybrid Vehicles (PHEVs), Battery Electric Vehicles (BEVs) and hydrogen vehicles to identify fit for purpose options.

Contact: s 22
Contact No: s 22
Division: Ministerial and Parliamentary Services
Date Updated: 20/07/2022
Date Last Printed: 12/08/2022 2:10 PM

Cleared by: Clare Walsh
Contact No: (02) 6215 2175
Cleared by Adviser:
PDR Number: QB22-000079

- It is expected that a decision on the most appropriate future fleet vehicles will be reached by the end of 2022.

If asked about shifting the COMCAR fleet to EV and/or 100% EV

- A thorough understanding of the required charging infrastructure and the risk of disruption to service operations, will inform whether a significant shift to EVs is feasible.

- There are many factors determining if a 100% EV fleet would be prudent or possible in the near future. Cost, supply, operational suitability and charging infrastructure are all factors that we are considering and assessing.

If asked how the EVs were chosen

- The vehicles included in the trial were selected using the Australian Government Fleet Vehicle Selection Policy.

If asked why the Hyundai Ioniq lease was transferred to another agency

- The decision to transfer the lease was based on the performance and assessment of the Ioniq during the trial.

- It was decided that due the vehicle being run-out in mid-2022 combined with new EVs and technology now entering the Australian market, it would be more beneficial to use the trial resources to assess emerging capabilities.

If asked whether the EVs will inform future fleets

- Any decision regarding a future fleet will be made using the AGF Vehicle Selection policy, information drawn from the trial and what vehicles are available to the Australian market.

If asked about COMCAR's current fleet (BMW & Camrys):

- The COMCAR fleet comprises of approximately two thirds BMW 6 series and one third Toyota Camry Hybrids.

- The current COMCAR fleet is comprised of a range of low-emission vehicles, including over 50% of the ACT COMCAR fleet being Toyota Camry Hybrids. These are primarily used for the parliamentary shuttle service in Canberra. The remaining diesel-powered vehicles are fuel efficient and have far lower emissions as compared to the previous petrol-powered fleet.

Policy Commitments – N/A

Background

What vehicles are being used in the EV trial?

COMCAR originally leased two EVs, the Hyundai Ioniq and a Tesla Model 3 to assess infrastructure and operational requirements of EV fleets. In May 2022, following trials in Canberra and Sydney and the fact that the vehicle was no longer available from mid-2022, it was determined that the Hyundai Ioniq was not fit for purpose for COMCAR's use and the vehicle's lease was subsequently transferred to DEWR. The trial resources for the Ioniq have been moved to assessing new emerging EVs and associated technologies.

In July 2022, COMCAR took possession of a BMW iX EV for one month, and is likely to trial Telsa Model Y and a Kia Plug-in Electric Vehicle (PHEV) in the upcoming months.

COMCAR is currently assessing a broad range of PHEVs and BEVs for future fleet use.

How long have the vehicles been leased for, and from when?

The Hyundai Ioniq and the Tesla Model 3 were leased for two years through the Whole of Government fleet manager sgfleet. The BMW iX is due to be returned in August 2022.

COMCAR received the Hyundai Ioniq in late November 2020 and the Tesla Model 3 in January 2021. COMCAR took possession of the BMW iX for one month in July 2022.

Where are the cars being charged?

COMCAR is utilising pre-existing facilities including public infrastructure, infrastructure provided by the Australian Government fleet manager, standard charging cables provided with the vehicles and chargers installed in COMCAR depots.

How much are they being used?

The EVs are being used to support service delivery alongside the existing fleet, subject to the availability of suitability EV trained COMCAR drivers.

Is there high demand over other vehicles?

Current standard operating practices are that vehicles are allocated based on operational requirements and availability. The EV's will be allocated in accordance with this standard practice.

Which ministers have used them so far?

Finance does not comment on individual use of COMCAR vehicles by Parliamentarians.

PARLIAMENTARIAN AND MOP(S) ACT EMPLOYEE LEARNING AND DEVELOPMENT

Issue

Is the Government committed to ongoing training for Parliamentarians and MOP(S) Act employees on safe and respectful workplaces?

Headline Response

The Government is committed to professionalising management practices, including offering formal and best practice training programs to embed a safe and respectful workplace culture.

Talking Points

- The Government is committed to working together with all Members and Senators to ensure that parliamentary workplaces are safe, supportive and respectful.

If asked about the Safe and Respectful Workplaces (SRW) training

- The Safe and Respectful Workplace Training Program will continue on an ongoing basis for new Parliamentarians and MOP(S) Act employees.
- An annual refresher program is in development and will commence in early 2023.

If asked about induction training for Parliamentarians

- Finance rolled out a refreshed Induction Program for new Parliamentarians in June 2022.
- The induction program focused on safe and respectful workplaces, WHS obligations, diversity and inclusion, office structure and staffing, recruitment practices and performance management.
- 46 parliamentarians participated in the induction training.

If asked about induction training for MOP(S) Act employees

- Finance will roll out a face-to-face Induction Program for new MOP(S) Act employees from August 2022 with a specific focus on safe and respectful workplaces and available supports.

Contact: s 22 [redacted]
Contact No: s 22 [redacted]
Division: Ministerial and Parliamentary Services
Date Updated: 25/07/2022
Date Last Printed: 12/08/2022 2:10 PM

Cleared by: Dean Edwards
Contact No: (02) 6215 2250
Cleared by Adviser:
PDR Number: QB22-000080

- An online Induction Module is available to all MOP(S) Act employees on the MOP(S) Learning platform.

Policy commitments

- N/A.

Background

The Safe and Respectful Workplace Training Program commenced on 20 September 2021 and is delivered under contract by PricewaterhouseCoopers (PwC).

Since its commencement (until it was paused in February 2022), 514 sessions have been delivered to 223 parliamentarians (98%) and 1,800 MOP(S) Act staff (92%).

The previous Finance Minister signed a determination mandating the training for Government staff. This determination remains in place until amended or revoked.

The Set the Standard Report recommended reviewing and strengthening induction processes for Parliamentarians and MOP(S) Act employees (Recommendation 12).

Contact: s 22 [redacted]
Contact No: s 22 [redacted]
Division: Ministerial and Parliamentary Services
Date Updated: 25/07/2022
Date Last Printed: 12/08/2022 2:10 PM

Cleared by: Dean Edwards
Contact No: (02) 6215 2250
Cleared by Adviser:
PDR Number: QB22-000080

IMPLEMENTING THE *DATA AVAILABILITY AND TRANSPARENCY ACT 2022*

Issue

What is the Government doing to make sure the *Data Availability and Transparency Act 2022* is implemented effectively and on time?

Headline Response

The Government is implementing the Data Availability and Transparency Act (DATA) Scheme help deliver better government services, policies and programs, and support world-leading research and development. Accreditation of Australian, state and territory government agencies opened on 1 June 2022 and will open to Australian universities on 1 August 2022.

Talking Points

- The Act establishes a new best practice scheme for sharing Australian Government data, underpinned by strong safeguards and consistent, efficient processes – the DATA Scheme.
- The Scheme is focused on increasing the availability and use of Australian Government data to help deliver better government services, policy and programs, with people and business at the heart. It will also support world-leading research and development.
- In accordance with legislated timeframes, the DATA Scheme opened on 1 June 2022, allowing Australian, state and territory government agencies to apply for accreditation to participate in the Scheme – accreditation is one of the many safeguards in place to keep data safe. Australian universities will be able to apply for accreditation from 1 August 2022.

Policy Commitments

- N/A

Contact: Susan Calvert
Contact No: s 22 [redacted]
Division: Office of the National Data Commissioner
Date Updated: 20/07/2022
Date Last Printed: 12/08/2022 2:11 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:
PDR Number: QB22-000081

Background

The *Data Availability and Transparency Act 2022* commenced on 1 April 2022.

With the DATA Scheme now open for business, the Office of the National Data Commissioner is focused on standing up the Scheme (e.g. making rules for the Scheme to operate); educating scheme participants; and delivering supporting programs:

- The $16.5 million Data Discovery initiative is helping Australian Government agencies to develop data inventories and funding an Australian Government Data Catalogue to help users find data.
- Dataplace ($11 million) is a digital platform launched on 1 June 2022 for scheme participants and others to manage data requests and support administration of the Scheme.

The Minister for Finance is responsible for administering the Act. The Act establishes the National Data Commissioner, an independent statutory officer, as the regulator of the Scheme. The Commissioner provides advice and guidance about the Scheme's operation to the Minister, scheme participants and others, and oversights the delivery of education and tools to support best practice data handling and sharing. The Commissioner is supported by the Office of the National Data Commissioner who are employees of the Department of Finance. The Act also establishes a National Data Advisory Council to advise the Commissioner on data sharing issues such as ethics, privacy protections, trust and transparency, technical best practice and industry and international developments.

Organisations that can participate in the Scheme are government entities (Commonwealth, State and Territory), and Australian universities. No other organisations (including the private and non-for-profit sectors) can participate. There is a review of the Act at three years (April 2025).

The Office of the National Data Commissioner has an annual budget of approximately $10.6 million per year. There is an additional funding for building the IT platform, Dataplace and the Data Inventories Pilot Program.

Contact: Susan Calvert
Contact No: s 22 [redacted]
Division: Office of the National Data Commissioner
Date Updated: 20/07/2022
Date Last Printed: 12/08/2022 2:11 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:
PDR Number: QB22-000081

ECONOMIC CONDITIONS AND OUTLOOK

Issue

How has the Australian economy been performing and what is the outlook for the economy?

Headline Response

The Australian economy has been growing and we can be confident in the medium and longer-term outlook, but we have to overcome some difficult challenges in the near term.

Talking Points

GDP	WPI	CPI	Unemployment	Cash Rate
3.3	**2.4**	**6.1**	**3.5**	**1.35**
Per cent (TTY) March Q 2022	Per cent (TTY) March Q 2022	Per cent (TTY) June Q 2022	Per cent June 2022	Per cent July 2022

- The global economy is facing stronger and more persistent inflation and slowing growth, alongside a tightening of monetary policy and withdrawal of fiscal support across advanced economies. The risk of recession in many countries has increased.
- Here in Australia there are inflation pressures from higher energy prices, rising food prices and disruptions to supply chains, including due to recent natural disasters. The Government recognises the pressure this is placing on household budgets. The tightening of monetary policy, a slowing property market and lower real incomes also pose headwinds for our economic outlook.
- Russia's invasion of Ukraine has already created substantial pressures on food and energy prices globally and those pressures may increase. China's COVID-19 suppression policy has also disrupted global supply chains. A sharper slowdown in China's growth would slow world growth and could also result in greater than currently expected falls in key Australian commodity prices.

Contact: s 22 [redacted]
Contact No: s 22 [redacted]
Division: Budget Policy and Coordination
Date Updated: 29 July 2022
Date Last Printed: 12/08/2022 2:11 PM

Cleared by: Cath Patterson, Dep Sec
Contact No: (02) 6215 2566
Cleared by Adviser:
PDR Number: QB22-000082

ECONOMIC CONDITIONS

- On 28 July 2022, the Treasurer delivered to the Parliament a *Ministerial Statement on the Economy* which provided detail on the challenges facing the economy. The Statement highlighted updated Treasury forecasts that:
  - Global growth will be weaker (by half a percentage point in 2022 and 2023 than forecast in the Pre-Election Economic and Fiscal Outlook) which will place additional pressure on the Australian economy and Budget.
  - The Australian economy grew by an estimated 3¾ per cent in 2021-22 instead of the 4¼ per cent forecast prior to the election, and the growth would be ½ percentage point slower in 2022-23 and 2023-24 – reflecting a weaker outlook for consumption, reduced dwelling investment as well as reduced growth from net exports.
  - Inflation will peak at 7¾ per cent through the year to the December quarter 2022 and only return to 2¾ per cent (and back inside the RBA target band) by the middle of 2024.
  - The unemployment rate will return to around 4 per cent by June 2024 and nominal wage growth will increase to 3¾ per cent in 2022-23 and 2023-24 (with real wages expected to stabilise around mid-2023 before growing again in 2023-24).

Policy Commitments

- The Government will hand down a Budget on 25 October 2022 that seeks to implement its election commitments, with priorities for new spending to:
  - create jobs and boost participation;
  - invest in lifting productivity, especially through investment in human capital;
  - generate new business investment; and
  - increase wages and grow incomes.
- The Government has committed to implementing a White Paper on Full Employment, which will be informed by an Australian Jobs Summit in September.
- The Government has announced a review of the Reserve Bank of Australia, which is due to report by March 2023.

Background

International Outlook and Recent Economic Outcomes

International outlook

- In its *Economic Outlook* of 8 June 2022, the OECD projected the global economy to expand by 3.0 per cent in 2022 and 2.8 per cent in 2023 (downgrades of 1.5 per cent and 0.4 per cent, respectively, from its December 2021 projections).
  - The OECD considered that global economic prospects had worsened significantly since its December 2021 projections, primarily due to Russia's invasion of Ukraine.
  - It also noted that extensive lockdowns to control COVID-19 outbreaks in China had reduced economic activity and affected supply chains.
  - The OECD considered the risks to be biased to the downside (i.e. economic growth outcomes were more likely to be lower than higher than its projections).
- In its *World Economic Outlook Update* of 26 July 2022, the IMF projects the global economy to expand by 3.2 per cent in 2022 and 2.9 per cent in 2023, downgrades of 0.4 per cent and 0.7 percentage points, respectively, relative to its April 2022 projections.
  - The IMF projects inflation to rise higher in 2022 than it had previously projected – due to war-induced commodity price increases and a broadening of other price pressures.
- The OECD's June 2022 and the IMF's July 2022 projections of global economic growth are lower than the corresponding 2022-23 Budget forecasts.

ECONOMIC CONDITIONS

OECD and IMF projections of Australia's economic growth

- In its *Economic Outlook* of 8 June 2022, the OECD slightly upgraded its short term outlook for the Australian economy, forecasting real GDP to grow by 4.2 per cent in 2022 (up 0.1 percentage point relative to its previous projection) but slightly downgraded its outlook for next year, forecasting GDP to grow by 2.5 per cent in 2023 (down 0.5 percentage points).
  - The slight upgrade to the OECD's outlook for Australia in 2022 – in contrast to its significantly downgraded global outlook – reflected the Australian economy's resilience to the Omicron outbreak as well as the impacts of higher commodity prices, which will benefit Australia (as a net commodity exporter) and help offset the impacts on Australia of slower global growth.
- In its *World Economic Outlook Update* of 26 July 2022, the IMF projects Australia's real GDP to grow by 3.8 per cent in 2022 and 2.2 per cent in 2023, downgrades of 0.4 and 0.3 percentage points, respectively, relative to its April projections.

National Accounts, March quarter 2022

- Real GDP rose by 0.8 per cent in the March quarter – to be 3.3 per cent higher through the year.
  - Growth was driven by solid contributions from household consumption, public final demand and an accumulation of inventories.
  - Net exports (and to a much smaller degree, dwelling investment) detracted from growth in the quarter as imports grew strongly and exports declined.
- Nominal GDP rose very strongly in the March quarter, up 3.7 per cent – partly due to a 5.9 per cent rise in the terms of trade. Through the year to the March quarter, nominal GDP increased by 10.2 per cent and the terms of trade increased by 8.3 per cent.

Inflation (CPI)

- The Consumer Price Index (CPI) increased in the June quarter, with headline CPI rising by 1.8 per cent in the quarter to be 6.1 per cent higher through the year.

- While consumer price inflation remains lower in Australia than in many advanced economies, the gap has narrowed in the past two quarters.
  - The 'trimmed mean' measure of Australia's annual *underlying* inflation picked up from 1.1 per cent in the March quarter 2021 to 4.9 per cent in the June quarter 2022.
- The RBA has forecast annual CPI inflation to peak at around 7 per cent by the end of 2022 but moderate in 2023.

Labour market

- The unemployment rate was 3.5 per cent in June and the participation rate was a record high 66.8 per cent.

Tables

Table 1 shows quarterly outcomes for GDP growth, inflation, and wages growth;
Table 2 shows monthly labour market outcomes; and
Table 3 shows the major economic parameters, as at the 2022-23 Budget.

Table 1: Recent Economic Quarterly Outcomes (per cent change[(a)])

	Jun Qtr 2021	Sep Qtr 2021	Dec Qtr 2021	Mar Qtr 2022	Jun Qtr 2022	Latest through the year growth[(b)]
Real GDP	0.8	-1.8	3.6	0.8	n.y.a	3.3
Nominal GDP	3.2	-0.6	3.5	3.7	n.y.a	10.2
Inflation (CPI)	0.8	0.8	1.3	2.1	1.8	6.1
Wage Price Index	0.4	0.6	0.7	0.7	n.y.a	2.4

(a) Percentage change through the year, seasonally adjusted. (b). Through the year to the latest quarter. Source: ABS.

Table 2: Recent Monthly Labour Market Outcomes (seasonally adjusted)

	March 2022	April 2022	May 2022	June 2022
Unemployment rate (per cent)	3.9	3.9	3.9	3.5
Number unemployed (000s)	551.2	540.3	548.1	493.9
Change in unemployed (000s)	*–12.4*	*–10.9*	*7.8*	*–54.3*
Number employed (000s)	13,445.8	13,450.3	13,510.9	13,599.3
Change in employed (000s)	*24.1*	*4.4*	*60.6*	*88.4*
Participation rate (per cent)	66.5	66.4	66.7	66.8

Table 3: 2022-23 Budget — Major Economic Parameters[a]

	Outcomes	Forecasts				
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Real GDP	1.5	4¼	3½	2½	2½	2½
Employment[b]	6.5	2¾	1½	1½	1	1
Unemployment rate[c]	5.1	4	3¾	3¾	3¾	4
Consumer price index[d]	3.8	4¼	3	2¾	2¾	2½
Wage price index[b]	1.7	2¾	3¼	3¼	3½	3½
Nominal GDP	4.4	10¾	½	3	5¼	5

(a) Average annual growth (percentage change on preceding year) unless otherwise stated.
(b) Through-the-year growth to the June quarter, seasonally adjusted data.
(c) Seasonally adjusted unemployment rate in the June quarter.
(d) Through-the-year growth to the June quarter, original data.

PARLIAMENTARY EXPENSES MANAGEMENT SYSTEM (PEMS)

Issue

New and improved PEMS features launched on 4 July 2022.

Headline Response

New enhancements to PEMS enable users to monitor office and travel expense budgets, manage expense claims, and access budget reports.

Talking Points

- Since 4 July 2022, Parliamentarians and their staff can complete office and travel claims online and, depending on their role, access budget reports.
- This is a significant step in moving from a paper-based system for parliamentary expenses to a fully digital system.
- To assist with the roll out of new features, Finance has enhanced client support, including a dedicated team to monitor system performance and respond to issues.
  - Support includes a dedicated help desk, face-to-screen training, digital learning products, and targeted communications.
  - Finance has deployed staff to Parliament House to provide customised training and guidance.
- PEMS is available anywhere, at any time, on any device, and provides a more efficient, integrated, and environmentally sustainable expense system
- My office is happy to work with any parliamentarians or their staffers who are experiencing any issues with the system.

If asked if you are aware of any issues

- While all likely processing and business scenarios were simulated in the testing of the system, the operation of the production system has identified unforeseen issues that require remediation.

Contact: s 22
Contact No: s 22
Division: Ministerial and Parliamentary Services
Date Updated: 11/07/2022
Date Last Printed: 12/08/2022 2:11 PM

Cleared by: Dee Kaufline
Contact No: (02) 6215 3640
Cleared by Adviser:
PDR Number: QB22-000083

- Between 4 and 6 July 2022, a system issue resulted in nine payments that should have gone to suppliers, to be incorrectly directed to eight current and one former parliamentarian. The payments totalled $28,630.85.
- This error was discovered and corrected as a priority on 7 July 2022.
- Each affected Parliamentarian was contacted. Funds have been returned and payments correctly reprocessed to the suppliers.
- System issues have delayed travel claim payments to some parliamentarians and their staff.
- The fix required is a code change which is being worked on now.
- Finance is resolving issues as quickly as is practicable and quality assurance protocols are being followed to avoid reoccurrence of the issues.

If asked whether parliamentarians can still use paper

- Moving from a paper based system to claim parliamentary expenses to a digital system is a significant change for many parliamentarians.
- Finance is working with the Independent Parliamentary Expenses Authority to support users to use PEMS and gradually move away from paper based processing, to enhance efficiency and accountability.

If asked about the time to develop and implement

- While the development and build of PEMS proved to be more complex than expected, users can now access a secure and intuitive expense management and reporting system.
- Any feedback from users will assist Finance to identify and implement future improvements to further enhance the user experience.

Policy Commitments

N/A

Background

PEMS responds to recommendation 30 of the *Review into an Independent Parliamentary Entitlements System* to provide an effective and clear system to set and monitor parliamentarians' expenses.

The system has been progressively implemented since 2018.

2017-18 MYEFO allocated $38.1m over four years with costs partially offset by operating savings from Finance and IPEA.

The ongoing PEMS operating budget is $4.04m per year.

As at 30 June 2022 expenditure on PEMS is $59.1m.

There are recommendations in the *Set the Standard: Report in the independent Review into Commonwealth Parliamentary Workplaces* that would require additional enhancements to PEMS if adopted by the Government.

These enhancements include additional automation, budget management tools, reporting functionality and improvements to the client interface. Scoping work is underway to identify funding implications.

Contact: s 22
Contact No: s 22
Division: Ministerial and Parliamentary Services
Date Updated: 11/07/2022
Date Last Printed: 12/08/2022 2:11 PM

Cleared by: Dee Kaufline
Contact No: (02) 6215 3640
Cleared by Adviser:
PDR Number: QB22-000083

REVIEW OF THE PARLIAMENTARY BUSINESS RESOURCES ACT AND IPEA ACT

Issue

What is the status of the independent review of the *Parliamentary Business Resources Act 2017* and *Independent Parliamentary Expenses Authority Act 2017*?

Headline Response

The Government has tabled the Review report in the Parliament and supports all its recommendations in principle. The Government is working with relevant agencies on implementation.

Talking Points

- The Government has tabled the Review report in the Parliament and supports all its recommendations in principle.
- The Review found that the legislative framework is broadly meeting its objectives, but that there are areas for improvement, making 30 recommendations spanning:
  - reporting and certifications processes
  - service delivery and training
  - the administration of public resources, and
  - better supporting a diverse modern Parliament.
- The Government will work with relevant entities on implementation, including the Remuneration Tribunal, the Independent Parliamentary Expenses Authority, Presiding Officers, and the Department of Finance.
- The Review report has been published on the Department of Finance's website.

Policy Commitments

- N/A.

Contact: Lauren Barons
Contact No: (02) 6215 3403
Division: Ministerial and Parliamentary Services
Date Updated: 01/08/2022
Date Last Printed: 12/08/2022 2:11 PM

Cleared by: Lauren Barons
Contact No: (02) 6215 3403
Cleared by Adviser:
PDR Number: QB22-000084

Background

The Review was required under the *Parliamentary Business Resources Act 2017* (PBR Act) and *Independent Parliamentary Expenses Authority Act 2017* (IPEA Act).

On 9 September 2021, the previous Government announced the Review would be undertaken by the Hon Kelly O'Dwyer and the Hon Kate Ellis. In December 2021, the previous Government was provided the final Review report.

The Review examined the operation of the PBR Act and IPEA Act, and whether they are meeting the objective of improving the accountability and transparency of parliamentary business resources.

The Terms of Reference for the Review covered:

- the impact of the Acts on parliamentarians and their staff, former parliamentarians and administering entities, including the ability of the framework to support parliamentarians' parliamentary business
- whether the Acts have simplified the administration of resources and enhanced accountability and transparency
- whether administering entities are working in a 'joined up' way to ensure the consistent application of the framework
- the operation of IPEA and its statutory functions, and
- resources available for members representing large electorates.

As part of conducting the Review, Ms O'Dwyer and Ms Ellis:

- issued a discussion paper regarding the operation of the framework to help inform discussions and engagement with the Review
- consulted with a range stakeholders including current and former parliamentarians and their staff and administering agencies
- conducted a survey with current and former parliamentarians and their staff, and a survey for administrating agencies, and
- sought submissions from the public.

Several of the recommendations interact with the *Set the Standard: Report on the Independent Review into Commonwealth Parliamentary Workplaces*. Implementation of these recommendations will be considered in the context of other work relevant to Commonwealth Parliamentary Workplaces to ensure overarching alignment.

MONTHLY FINANCIAL STATEMENTS – YEAR TO DATE RESULTS

Issue

The May 2022 monthly financial statements (MFS) were released on 24 June 2022 (Attachment A).

Headline Response

The underlying cash balance deficit and the fiscal balance deficit for the financial year to 31 May 2022 were lower (better) than expected.

Key facts and figures

May 2022 year to date

AGGREGATES	ACTUAL 2021-2022 YTD April $b	ACTUAL 2021-2022 YTD May $b	Revised Budget Profile 2021-2022 YTD May $b	Variance to Revised Budget Profile May $b	REVISED BUDGET ESTIMATE* 2021-2022 FULL YEAR $b
Receipts[a]	463.7	525.7	509 5	16.2	556.6
Payments[b]	509.5	559.0	570 0	-11.0	636.4
Underlying cash balance	**-45.9**	**-33.4**	**-60.5**	**27.1**	**-79.8**
Headline cash balance	**-46.4**	**-34.6**	**-63.7**	**29.1**	**-85.8**
Revenue	476.2	542.2	525 9	16.3	566.4
Expenses	509.3	559.0	568 3	-9.3	639.6
Net operating balance	**-33.1**	**-16.9**	**-42.4**	**25.6**	**-73.2**
Net capital investment	3.8	5.5	8.1	-2.7	11.1
Fiscal balance	**-36.9**	**-22.3**	**-50.6**	**28.2**	**-84.2**
Total assets	770.9	791.8			757.6
Total liabilities	1,445.2	1,438.6			1,352.6
Net worth[c]	**-674.2**	**-646.8**			**-595.0**
Net debt[d]	**541.0**	**516.8**			**631.5**

*As published in the 2022-23 Budget.
(a) Cash receipts for operating activities and sales of non-financial assets.
(b) Cash payments for operating activities, purchases of non-financial assets and net cash flows from financing activities for leases.
(c) Net worth is calculated as total assets minus total liabilities.
(d) Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits, advances paid, and investments, loans and placements).

Comparators for May 2022 MFS are based on the 2021-22 Revised Budget estimates published in the March 2022-23 Budget.

Contact: s 22
Contact No: s 22
Division: Financial Analysis, Reporting and Management
Date Updated: 4/07/2022
Date Last Printed: 12/08/2022 2:12 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:

PDR Number: QB22-000085

Talking Points

- The **underlying cash balance deficit** for the year to 31 May 2022 was **$33.4 billion.** This was $27.1 billion lower (better) than the Revised Budget profile deficit of $60.5 billion.
  - Total receipts were $16.2 billion higher (better), primarily driven by higher taxes received ($13.7 billion).
  - Total payments were $11.0 billion lower (better), primarily driven by lower payments for goods and services ($6.1 billion) and purchases of non-financial assets ($3.1 billion).
- The **net operating balance deficit** for the year to 31 May 2022 was **$16.9 billion**, which was $25.6 billion lower (better) than the Revised Budget profile deficit of $42.4 billion.
- The **fiscal balance deficit** for the year to 31 May 2022 was **$22.3 billion**, which was $28.2 billion lower (better) than the Revised Budget profile deficit of $50.6 billion.

Policy Commitments – N/A

Attachment A

SENATOR THE HON KATY GALLAGHER

Minister for Finance
Senator for the Australian Capital Territory

Friday, 24 June 2022 **MEDIA RELEASE**

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR MONTHLY FINANCIAL STATEMENTS May 2022

KEY POINTS

- The Monthly Financial Statements for May 2022 report the budget position against the expected monthly profile for the 2021-22 financial year through to 31 May 2022, based on the 2021-22 Revised Budget estimates published in the 2022-23 Budget in March 2022.
- The underlying cash balance for the 2021-22 financial year to 31 May 2022 was a deficit of $33.4 billion against the Revised Budget profile deficit of $60.5 billion.
- The fiscal balance for the 2021-22 financial year to 31 May 2022 was a deficit of $22.3 billion against the Revised Budget profile deficit of $50.6 billion.

AGGREGATES	ACTUAL 2021-2022 May $b	ACTUAL 2021-2022 YTD May $b	Revised Budget Profile 2021-2022 YTD May $b	REVISED BUDGET ESTIMATE* 2021-2022 FULL YEAR $b
Receipts(a)	**62.0**	**525.7**	**509.5**	**556.6**
Payments(b)	**49.5**	**559.0**	**570.0**	**636.4**
Underlying cash balance	**12.5**	**-33.4**	**-60.5**	**-79.8**
Headline cash balance	**11.8**	**-34.6**	**-63.7**	**-85.8**
Revenue	66.0	542.2	525.9	566.4
Expenses	49.7	559.0	568.3	639.6
Net operating balance	**16.2**	**-16.9**	**-42.4**	**-73.2**
Net capital investment	1.7	5.5	8.1	11.1
Fiscal balance	**14.6**	**-22.3**	**-50.6**	**-84.2**
Total assets		**791.8**		**757.6**
Total liabilities		**1,438.6**		**1,352.6**
Net worth(c)		**-646.8**		**-595.0**
Net debt(d)		**516.8**		**631.5**

*As published in the 2022-23 Budget.
(a) Cash receipts for operating activities and sales of non-financial assets.
(b) Cash payments for operating activities, purchases of non-financial assets and net cash flows from financing activities for leases.
(c) Net worth is calculated as total assets minus total liabilities.
(d) Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits, advances paid, and investments, loans and placements).

Contact: s 22
Contact No: s 22
Division: Financial Analysis, Reporting and Management
Date Updated: 4/07/2022
Date Last Printed: 12/08/2022 2:12 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:

PDR Number: QB22-000085

Monthly results are generally volatile due to timing differences between revenue and receipts, and expenses and payments. Care needs to be taken when comparing monthly or cumulative data across years and to full-year estimates, as revenue and receipts and expenses and payments vary from month to month.

FISCAL OUTCOMES

Underlying Cash Balance

The underlying cash balance for the financial year to 31 May 2022 was a deficit of $33.4 billion, which is $27.1 billion lower than the 2021-22 Revised Budget profile deficit of $60.5 billion.

- **Receipts**
  Total receipts were $16.2 billion higher than the 2021-22 Revised Budget profile.

- **Payments**
  Total payments were $11.0 billion lower than the 2021-22 Revised Budget profile.

Net Operating Balance

The net operating balance for the financial year to 31 May 2022 was a deficit of $16.9 billion, which is $25.6 billion lower than the 2021-22 Revised Budget profile deficit of $42.4 billion. The difference results from higher than expected revenue and lower than expected expenses.

Fiscal Balance

The fiscal balance for the financial year to 31 May 2022 was a deficit of $22.3 billion, which is $28.2 billion lower than the 2021-22 Revised Budget profile deficit of $50.6 billion. The difference results from higher than expected revenue and lower than expected expenses and net capital investment.

Assets and Liabilities

As at 31 May 2022:

- net worth is negative $646.8 billion;
- net debt is $516.8 billion; and
- net financial liabilities are $898.4 billion.

Senator the Hon. Katy Gallagher
Minister for Finance
Senator for the Australian Capital Territory

Rosemary Huxtable PSM
Secretary
Department of Finance

Media Contact
Patrick Cronan 0432 758 224

Australian Government general government sector operating statement

	Note	ACTUAL 2021-2022 May $m	ACTUAL 2021-2022 YTD May $m	Revised Budget Profile 2021-2022 YTD May $m	REVISED BUDGET ESTIMATE* 2021-2022 FULL YEAR $m
Revenue					
Taxation revenue(a)	1,2	63,309	501,667	487,888	525,380
Sales of goods and services		743	17,113	16,841	17,628
Interest income		245	3,529	3,595	3,916
Dividend and distribution income		407	7,509	6,161	6,219
Other(a)		1,261	12,347	11,417	13,273
Total revenue		**65,965**	**542,164**	**525,903**	**566,417**
Expenses					
Gross operating expenses					
Wages and salaries(b)		2,064	20,853	21,183	23,572
Superannuation		1,046	11,229	11,340	12,285
Depreciation and amortisation		984	10,230	10,814	11,745
Supply of goods and services		14,577	143,355	149,163	167,523
Other operating expenses(b)		680	7,340	7,330	8,168
Total gross operating expenses		*19,351*	*193,006*	*199,830*	*223,293*
Superannuation interest expense		748	8,226	8,228	8,976
Interest expenses		1,725	17,429	17,573	20,638
Current transfers					
Current grants		13,045	169,280	170,451	189,064
Subsidy expenses		1,157	15,683	15,972	18,017
Personal benefits		11,914	144,598	145,143	156,348
Total current transfers		*26,117*	*329,562*	*331,566*	*363,429*
Capital transfers					
Mutually agreed write-downs		341	2,403	2,376	2,768
Other capital grants		1,450	8,394	8,748	20,465
Total capital transfers		*1,791*	*10,797*	*11,124*	*23,234*
Total expenses	3	**49,731**	**559,020**	**568,320**	**639,569**
Net operating balance		**16,234**	**-16,856**	**-42,417**	**-73,153**
Other economic flows					
- included in operating result					
Net write-downs of assets		-916	-6,950	-7,030	-7,051
Assets recognised for the first time		57	226	192	242
Actuarial revaluations		0	0	0	-15
Net foreign exchange gains		-37	61	0	-602
Net swap interest received		34	-294	-427	-427
Market valuation of debt		10,883	103,250	48,297	48,066
Other gains/(losses)		-660	-3,196	4,297	5,751
Total other economic flows - included in operating result		**9,360**	**93,096**	**45,330**	**45,964**
Operating Result(c)		**25,594**	**76,239**	**2,913**	**-27,189**
Non-owner movements in equity					
Revaluation of equity investments		-2	32	33	-8,494
Actuarial revaluations		0	0	0	-880
Other economic revaluations		1,833	2,136	324	1,061
Total other economic flows - included in equity		**1,831**	**2,168**	**358**	**-8,312**
Comprehensive result					
- Total change in net worth		**27,425**	**78,407**	**3,270**	**-35,502**
Net operating balance		**16,234**	**-16,856**	**-42,417**	**-73,153**
Net acquisition of non-financial assets					
Purchases of non-financial assets		2,505	15,539	19,034	23,025
less Sales of non-financial assets		59	1,256	1,108	1,149
less Depreciation		984	10,230	10,814	11,745
plus Change in inventories		213	1,428	1,051	988
plus Other movements in non-financial assets		-1	-17	-25	-27
Total net acquisition of non-financial assets		**1,675**	**5,463**	**8,138**	**11,092**
Fiscal balance (Net lending/borrowing)(d)		**14,559**	**-22,319**	**-50,555**	**-84,245**

*As published in the 2022-23 Budget.
(a) In the 2022-23 Budget, following a determination issued by the Australian Bureau of Statistics (ABS), the industry contribution levy collected by the Australian Transaction Reports and Analysis Centre has been reclassified from non-taxation revenue to taxation revenue to reflect the change in the nature of this revenue.
(b) Consistent with the ABS Government Finance Statistics (GFS) classification, other employee related expenses are classified separately from wages and salaries under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.
(c) Operating result under Australian Accounting Standards.
(d) The term fiscal balance is not used by the ABS.

Contact: s 22
Contact No: s 22
Division: Financial Analysis, Reporting and Management
Date Updated: 4/07/2022
Date Last Printed: 12/08/2022 2:12 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:

PDR Number: QB22-000085

Australian Government general government sector balance sheet

	ACTUAL as at 31 May 2022 $m	REVISED BUDGET ESTIMATE* as at 30 June 2022 $m
Assets		
Financial assets		
Cash and deposits	87,320	62,206
Advances paid	80,609	81,915
Investments, loans and placements	216,355	203,633
Other receivables	77,703	65,948
Equity investments		
Investments in other public sector entities	63,994	56,373
Equity accounted investments	3,822	4,034
Investments - shares	74,321	91,886
Total financial assets	*604,124*	*565,993*
Non-financial assets		
Land	12,128	12,327
Buildings	43,537	45,800
Plant, equipment and infrastructure	96,971	99,155
Inventories	11,633	11,196
Intangibles	11,027	10,706
Investment properties	206	214
Biological assets	13	21
Heritage and cultural assets	11,842	11,873
Assets held for sale	252	286
Other non-financial assets	23	13
Total non-financial assets	*187,632*	*191,590*
Total assets	**791,756**	**757,583**
Liabilities		
Interest bearing liabilities		
Deposits held	591	598
Government securities	853,865	929,091
Loans	27,649	29,640
Lease liabilities	18,965	19,901
Total interest bearing liabilities	*901,070*	*979,230*
Provisions and payables		
Superannuation liability(a)	415,356	251,251
Other employee liabilities	38,134	38,518
Suppliers payables	11,200	12,113
Personal benefits payables	3,434	2,950
Subsidies payables	913	985
Grants payables	2,711	3,648
Other payables	6,849	2,629
Provisions	58,886	61,263
Total provisions and payables	*537,482*	*373,358*
Total liabilities	**1,438,552**	**1,352,588**
Net worth(b)	**-646,796**	**-595,005**
Net financial worth(c)	*-834,428*	*-786,594*
Net financial liabilities(d)	*898,422*	*842,967*
Net debt(e)	*516,786*	*631,477*

*As published in he 2022-23 Budget.

(a) For budget reporting purposes, a discount rate of 5 per cent determined by actuaries in preparing the 2020 Long Term Cost Reports is used to value the superannuation liability. This reflects the average annual rate estimated to apply over the term of the liability and it reduces the volatility in reported liabilities that would occur from year to year if the spot rates on long-term government bonds were used. Consistent with Australian Accounting Standards, the superannua ion liability for the 2021-22 Monthly Financial Statements was calculated using he spot rates on long-term government bonds as at 30 June 2021 that best matched each individual scheme's liability duration. These rates were between 1.6 and 2.3 per cent per annum.

(b) Net worth equals total assets minus total liabilities.

(c) Net financial worth equals total financial assets minus total liabilities.

(d) Net financial liabilities equals total liabilities less financial assets other than investments in o her public sector entities.

(e) Net debt is he sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits, advances paid, and investments, loans and placements).

Contact: s 22
Contact No: s 22
Division: Financial Analysis, Reporting and Management
Date Updated: 4/07/2022
Date Last Printed: 12/08/2022 2:12 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:

PDR Number: QB22-000085

Australian Government general government sector cash flow statement[a]

	ACTUAL 2021-2022 May $m	ACTUAL 2021-2022 YTD May $m	Revised Budget Profile 2021-2022 YTD May $m	REVISED BUDGET ESTIMATE* 2021-2022 FULL YEAR $m
Cash receipts from operating activities				
Taxes received(b)	58,975	482,613	468,898	512,480
Receipts from sales of goods and services	1,418	16,931	16,598	17,626
Interest receipts	205	2,277	2,346	2,557
Dividends, distr butions and income tax equivalents	324	10,261	9,027	9,142
Other receipts(b)(c)	1,078	13,087	12,190	14,334
Total operating receipts	**62,000**	**525,169**	**509,059**	**556,139**
Cash payments for operating activities				
Payments for employees(c)(d)	-2,963	-33,474	-33,729	-37,212
Payments for goods and services	-13,931	-143,029	-149,170	-164,372
Grants and subsidies paid	-15,929	-197,869	-199,229	-230,162
Interest paid	-2,993	-16,563	-16,411	-17,456
Personal benefit payments	-11,802	-144,912	-145,338	-157,130
Other payments(d)	-525	-6,924	-6,694	-7,496
Total operating payments	**-48,143**	**-542,769**	**-550,570**	**-613,828**
Net cash flows from operating activities	**13,857**	**-17,600**	**-41,512**	**-57,689**
Cash flows from investments in non-financial assets				
Sales of non-financial assets	15	505	438	487
Purchases of non-financial assets	-1,298	-14,087	-17,215	-20,159
Net cash flows from investments in non-financial assets	**-1,283**	**-13,582**	**-16,778**	**-19,672**
Net cash flows from investments in financial assets for policy purposes	**-726**	**-1,228**	**-3,143**	**-5,949**
Net cash flows from investments in financial assets for liquidity purposes	**279**	**-8,315**	**-5,727**	**-3,200**
Cash flows from financing activities				
Borrow ing (net)	2,746	72,319	79,727	93,589
Other financing (net)	-837	-6,686	-6,866	-7,284
Net cash flows from financing activities	**1,909**	**65,633**	**72,861**	**86,305**
Net increase/(decrease) in cash held	**14,035**	**24,909**	**5,702**	**-206**
GFS cash surplus(+)/deficit(-)(e)	**12,574**	**-31,182**	**-58,289**	**-77,361**
plus Net cash flow s from financing activities for leases(f)	-62	-2,185	-2,220	-2,460
Equals underlying cash balance(g)	**12,511**	**-33,366**	**-60,509**	**-79,821**
plus Net cash flow s from investments in financial assets for policy purposes	-726	-1,228	-3,143	-5,949
Equals headline cash balance	**11,785**	**-34,594**	**-63,652**	**-85,770**

*As published in the 2022-23 Budget.
(a) A positive number denotes a cash inflow; a nega ive number denotes a cash outflow.
(b) In he 2022-23 Budget, following a determination issued by the ABS, the industry contribution levy collected by the Australian Transaction Reports and Analysis Centre has been reclassified from non-taxation receipts to taxa ion receipts to reflect the change in the nature of these receipts.
(c) As a result of a voluntary accounting policy change, the pass-through of defined benefit member superannuation receipts and payments are reported on a gross basis in the cash flow statement. This was previously reported on a net basis.
(d) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.
(e) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.
(f) Principal payments on lease liabilities, which are financing cash payments, are deducted in the calculation of the underlying cash balance to maintain consistency of measure following the implementation of AASB 16.
(g) The term underlying cash balance is not used by the ABS.

Note 1: Income Tax

	ACTUAL 2021-2022 May $m	ACTUAL 2021-2022 YTD May $m	Revised Budget Profile 2021-2022 YTD May $m	REVISED BUDGET ESTIMATE* 2021-2022 FULL YEAR $m
Individuals and other w ithholding taxes				
Gross income tax w ithholding	23,596	221,177	219,457	238,500
Gross other individuals	11,542	56,594	55,282	57,500
less Refunds	2,049	36,392	36,579	38,200
Total individuals and other w ithholding taxation	33,089	241,380	238,160	257,800
Fringe benefits tax	215	3,218	3,188	3,180
Company tax	14,695	112,240	103,737	111,500
Superannuation fund taxes	1,198	24,957	23,950	24,580
Petroleum resource rent tax	74	1,788	1,758	1,720
Total income taxation revenue	**49,272**	**383,583**	**370,794**	**398,780**

*As published in he 2022-23 Budget.

Note 2: Indirect Tax

	ACTUAL 2021-2022 May $m	ACTUAL 2021-2022 YTD May $m	Revised Budget Profile 2021-2022 YTD May $m	REVISED BUDGET ESTIMATE* 2021-2022 FULL YEAR $m
Goods and services tax	10,042	71,967	71,120	76,409
Wine equalisation tax	103	1,035	1,062	1,160
Luxury car tax	83	843	805	880
Excise duty	1,405	21,223	21,141	22,370
Customs duty	1,441	15,618	15,450	16,980
Other indirect tax(a)	963	7,399	7,516	8,801
Total indirect taxation revenue	**14,037**	**118,084**	**117,094**	**126,600**

*As published in he 2022-23 Budget.
(a) In the 2022-23 Budget, following a determination issued by the ABS, the industry contribution levy collected by the Australian Transac ion Reports and Analysis Centre has been reclassified from non-taxa ion revenue to taxa ion revenue to reflect the change in the nature of his revenue.

Note 3: Total expenses by function

	ACTUAL 2021-2022 May $m	ACTUAL 2021-2022 YTD May $m	REVISED BUDGET ESTIMATE* 2021-2022 FULL YEAR $m
Expenses by function			
General public services	2,874	27,298	33,121
Defence	4,015	33,362	35,882
Public order and safety	503	6,030	6,713
Education	2,247	40,257	43,357
Health	8,711	97,405	111,467
Social security and w elfare	17,601	204,213	227,800
Housing and community amenities	563	5,631	8,431
Recreation and culture	395	3,814	4,716
Fuel and energy	369	7,326	8,444
Agriculture, forestry and fishing	333	2,746	4,119
Mining, manufacturing and construction	309	3,190	4,310
Transport and communication	1,210	6,864	16,070
Other economic affairs	1,222	19,825	23,631
Other purposes			
Public debt interest	1,669	16,834	18,462
Nominal superannuation interest	748	8,226	8,976
General purpose inter-government transactions	6,721	73,767	80,934
Natural disaster relief	240	2,231	5,176
Contingency reserve	0	0	-2,040
Total expenses	**49,731**	**559,020**	**639,569**

*As published in the 2022-23 Budget.

Contact: s 22
Contact No: s 22
Division: Financial Analysis, Reporting and Management
Date Updated: 4/07/2022
Date Last Printed: 12/08/2022 2:12 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:

PDR Number: QB22-000085

NOTES:

AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049)

The Australian Government monthly financial statements have been prepared on a basis consistent with the Budget as required under section 47 of the *Public Governance, Performance and Accountability Act 2013*. The statements are prepared in accordance with AASB 1049, which require treatment based on the Australian Bureau of Statistics' (ABS) Government Finance Statistics (GFS) except where Australian Accounting Standards (AAS) provide a better conceptual treatment for specific items. Departures are limited to complying with either ABS GFS or AAS.

Taxation revenue

While total tax collections are known with certainty at the end of each month, the distribution across the relevant heads of revenue cannot be finalised until all business activity statements are received and processed. The outcomes for some revenue items provided in this statement are therefore estimates, in accordance with the best judgement of the Commissioner of Taxation, and subject to revision. The taxation revenue items not affected are: petroleum resource rent tax, excise duty, customs duty, other taxes and individuals refunds.

Style conventions

Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding.

International Monetary Fund Special Data Dissemination Standards

The Government is committed to releasing the monthly financial statements in a timely fashion and will endeavour to do so in accordance with International Monetary Fund (IMF) Special Data Dissemination Standards (SDDS). Under these standards the timeframe for releasing the monthly financial statements is by the end of the following month. Australia applies a special flexibility option which allows it to publish late the last and first month of a financial year.

In accordance with the IMF SDDS, the approximate date of release of the data on debt guaranteed by the Australian Government (central government), is given on the IMF's Data Dissemination Advance Release Calendar http://dsbb.imf.org. Monthly and quarterly data on debt guaranteed by the Australian Government (central government) that meet the coverage and timeliness requirements of the SDDS are published on the Australian Office of Financial Management website at https://www.aofm.gov.au/data-hub.

Electronic access to monthly financial statements

The Australian Government general government sector monthly financial statements and the historical series are available in electronic format at:

http://data.gov.au/dataset/australian-government-general-government-sector-monthly-financial-statements-tables-and-data.

FUTURE FUND ESG ISSUES

Issue

How does the Future Fund Board of Guardians ensure that environmental, social and governance (ESG) issues are appropriately considered when investing public funds?

Headline Response

The Future Fund Board of Guardians invests independently from the Government, through external investment managers, and has a well-established ESG policy that is integrated into its investment process.

Talking Points

- The Future Fund Board of Guardians invests independently from the Government, through external investment managers. This independence is a deliberate feature that has enjoyed bipartisan support for more than 15 years.
- The *Future Fund Act 2006* requires the Board to maximise returns over the long term, consistent with best practice for institutional investment. In order to achieve a broadly diversified portfolio, the Board, through its investment managers, has exposure to thousands of businesses globally.
- The Board's long-term investment strategy is consistent with its obligations under the *Future Fund Act 2006*, its investment mandate and Australian law and sanctions. The Board excludes a limited number of investments based on the international conventions and treaties ratified by Australia.
- The Board has implemented all relevant sanctions imposed by Australia, the United States and the European Union on Russia.
- The Board's ESG policy provides a framework for the consideration of exclusions from the portfolio and the integration of ESG factors into the investment process. The Board has also excluded entities involved in the manufacture of complete tobacco products.

Policy Commitments – N/A

Contact: s 22 [redacted]
Contact No: s 22 [redacted]
Division: Governance
Date Updated: 12/07/2022
Date Last Printed: 12/08/2022 2:12 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:
PDR Number: QB22-000088

Background

Future Fund's General Investment Philosophy

The Board has built a broadly diversified portfolio, which includes passive, index-based investments in thousands of entities globally. The Board's limited exclusions keep the investment universe large, which helps to satisfy its legislated objective to maximise returns over the long term.

The Board integrates ESG into its decision-making process by assessing the potential impacts of ESG matters on the risk and return of the portfolio. The Board also exercises its ownership rights associated with investments according to the Board's ESG policy, which considers human and labour rights, climate change, sustainable supply chain, corruption and bribery.

Investment Exclusions

Since 2009, the Board has restricted all managers of directly held investments from investing in securities issued by companies that are involved in activities that are limited by the 2008 Convention on Cluster Munitions or the 1997 Anti-Personnel Mines Convention.

The Board also has investment exclusions against companies that do not operate within the framework of the Nuclear Non-Proliferation Treaty (NPT), which Australia signed in February 1970. Australia has not signed the Treaty on the Prohibition of Nuclear Weapons, so it is not a treaty that the Board has regard to under its ESG policy.

In February 2013, the Board restricted investment in entities directly involved in the manufacture of complete tobacco products. The Board's policy is founded on the view that there is no safe level of usage.

The Board has due diligence processes in place to ensure it does not make investments that breach Australian sanctions and will continue to abide by any new sanctions introduced by the Government.

Investments in companies in Russia

The Board has devoted significant resources to compliance and will continue to do so as any new sanctions are announced.

The Future Fund has modest (April 2022 - 0.1% of the fund) holdings in companies listed on the Russian stock exchange. It does not have any holdings in Russian sovereign debt or other fixed income.

Sanctions on Russia and the closure of the Moscow stock exchange to foreigners have hampered every foreign investor's efforts to sell.

The Board has devoted significant resources to compliance and will continue to do so if any new sanctions are announced. The Board will be winding down its Russian exposure as market conditions permit.

Contact: s 22
Contact No: s 22
Division: Governance
Date Updated: 12/07/2022
Date Last Printed: 12/08/2022 2:12 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:
PDR Number: QB22-000088

ANAO REPORT ON THE BUILDING BETTER REGIONS FUND

Issue

Will the Government ensure its administration of grant programs meets the *Commonwealth Grants Rules and Guidelines*?

Headline Response

The Government is committed to increasing the transparency of the Government decision-making in relation to grants and to achieving quality outcomes for the Australian community.

Talking Points

- In accordance with the Government's commitment to strengthen integrity, accountability and transparency in grants decision-making, the Department of Finance (Finance) is preparing advice on options to enhance the Commonwealth Grants Policy Framework and the *Commonwealth Grants Rules and Guidelines*, including opportunities to improve the public reporting of grants awarded.
- The four recommendations of the Auditor-General to amend the *Commonwealth Grants Rules and Guidelines* will be considered as part of this work.

If asked about the Building Better Regions Fund

- The administration and decisions of the Building Better Regions Fund are those of the previous Government.
  - In the most recent round, the grants were assessed by the then Department of Infrastructure, Transport, Regional Development and Communications with the final decision to award grants and the amount of grant funding made by a ministerial panel in consultation with Cabinet under the previous Government.
- The Auditor-General's audit report on the *Award of Funding under the Building Better Regions Fund* has been tabled with five recommendations, four of which are to change the *Commonwealth Grants Rules and Guidelines*.

Contact: Lasantha Samaranayake
Contact No: (02) 6215 2629
Division: Productivity Business and Improvement
Date Updated: 1/08/2022
Date Last Printed: 12/08/2022 2:12 PM

Cleared by: Lasantha Samaranayake
Contact No: (02) 6215 2668
Cleared by Adviser:
PDR Number: QB22-000090

- Finance provides support to agencies to help them understand the *Commonwealth Grants Rules and Guidelines* but it is the responsibility of accountable authorities and approving ministers to ensure the relevant requirements of the *Commonwealth Grants Rules and Guidelines* are met.
- There are no criticisms of Finance in the audit report.
- Finance is considering the audit recommendations and will provide advice to Government on broader opportunities to improve and strengthen the *Commonwealth Grants Rules and Guidelines*, particularly noting it has been almost five years since they were last updated.

Policy Commitments

- The Government promised an Audit on waste, rorts and mismanagement to find savings to return to the Budget. The audit is underway and will include grants programs.
- The Government has also promised it will restore the Australian people's trust in their government by establishing a powerful, transparent and independent National Anti-Corruption Commission. And that work is underway also.

Background

The *Commonwealth Grants Rules and Guidelines* (CGRGs) are a legislative instrument issued by the Finance Minister under subsection 105C of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The application of the PGPA Act and the CGRGs depends upon the details of a particular program.

The CGRGs are largely principles based with some mandatory requirements and guidance to encourage better practice grants administration. The CGRGs are often complimented, with criticism generally directed at the application of the CGRGs by entities.

The CGRGs were first established in 2009 (previously called the *Commonwealth Grant Guidelines*) by the then Finance Minister, the Hon Lindsay Tanner, to improve the transparency and accountability of grants administration. They were updated in: 2013 by the then Labor Government to introduce minimum briefing requirements where a minister is an approver; 2014 to address the introduction of the PGPA Act (change in title); and 2017 to mandate the use of GrantConnect.

Building Better Regions Fund (BBRF)

The BBRF is subject to the CGRGs.

The ANAO undertook an audit assessing whether the award of funding under each round of the BBRF was effective and consistent with the CGRGs and has tabled its report. The Auditor-General found the award of BBRF funding was partly effective and partly consistent with the CGRGs.

Media reports have focussed on the disproportion of grants funding provided to Coalition-held and marginal electorates, as well as the extent of the panel's use of 'other' factors and discretion to override the results of the merit assessment process.

Finance reviewed the BBRF grant opportunity guidelines (Infrastructure Projects and Community Investments grants) under the different rounds for consistency with the CGRGs, with the exception of Round 4. There have been six rounds under the BBRF. The grant guidelines have used the whole of government templates and were either approved for release by the then Finance Minister or then Deputy Prime Minister, depending on the agreed risk rating. Applications closed under BBRF round 6 in February 2022, but no grants have been awarded.

The ANAO noted Finance had queried the use of 'other factors' and had suggested the members on the ministerial panel be named in the guidelines, but no changes were made.

The Hon Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government, is reported as stating on *ABC Melbourne* that she will need to have a look at the BBRF Round 6 to consider whether to proceed with it "because, frankly, I think this whole scheme has just been contaminated now when you look at this report."

Correspondence and ministerial reports made by the responsible minister and chair of the BBRF ministerial panel under paragraph 4.12 of the CGRGs has been tabled in Parliament in accordance with Senate Order 23E. Finance has released documents in accordance with the *Freedom of Information Act 1988*, on 21 December 2021 (FOI 21/75) and on 31 January 2022 (FOI 21/84).

AUSTRALIAN RAIL TRACK CORPORATION (ARTC) INLAND RAIL

Issue

The Government's review of the Inland Rail project

Headline Response

The Government is investing and supporting the construction of productivity enhancing infrastructure, which is why we are reviewing the Inland Rail project to get it back on track. The review will address cost and schedule pressures and uncertainty regarding the route which has caused community concerns.

Talking Points

- The Government will conduct a review of the Inland Rail project. The details of the review are still being finalised, however cost, schedule, funding arrangements and stakeholder engagement will be key considerations.
- The Inland Rail project is experiencing cost and schedule pressures, including:
  - increasing escalation rates and increased design and constructions costs due to technical complexities and volatile economic and market conditions; and
  - delays to approval processes that have pushed back construction schedules.
- The review will get to the bottom of the issues that the project faces and determine realistic cost and schedule forecasts to complete the project.
- While the review is underway, ARTC will continue to get on with the job, it is continuing to deliver Inland Rail across the route alignment:
  - In New South Wales, the Parkes to Narromine section is completed (104 kilometres of track).

Contact: s 22 [redacted]
Contact No: s 22 [redacted]
Division: Commercial and Government Services
Date Updated: 27/07/2022
Date Last Printed: 12/08/2022 2:12 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000091

- A key section of the Narrabri to North Star project was completed in November 2021, seeing 29 kilometres of track becoming operational ahead of the first grain trains for the season.
- In Queensland, ARTC is reviewing submissions received following public exhibition of the draft Environmental Impact Statements for Helidon to Calvert, Calvert to Kagaru, and Border to Gowrie sections of Inland Rail.
- The Public-Private Partnership preferred proponent has been selected to deliver the Gowrie to Kagaru section of Inland Rail. This proponent is Regionerate Rail, a consortium comprising of Clough, GS Engineering and Construction, Webuild (formerly Salini Impregilio), Service Stream, and Plenary Group. Detailed design discussions have been initiated with the consortium and are ongoing.
- In Victoria, ARTC is progressing the primary environmental approvals for the Beveridge to Albury section.

Policy Commitments

- During the 2022 election, the Government pledged to get the Inland Rail project back on track, closely guided by the Senate Rural and Regional Affairs and Transport References Committee Inquiry on Inland Rail – *Inland Rail: Derailed from the start* (Senate Committee Report).
- The Government is committed to listening to farmers and communities concerned by the project's potential impacts and continuing the business case into extending the project to the Port of Gladstone.

Background

Inland Rail is a new 1,700 km freight rail connection that will enable goods to be delivered between Melbourne and Brisbane in under 24 hours, with reliability matching current road levels and at competitive cost. The project will also link southeast Queensland with Adelaide and Perth by rail.

Inland Rail will avoid the congested Sydney network, travelling via regional Victoria, New South Wales and Queensland. Inland Rail includes constructing 600 kilometres of new track and upgrading 1,100 kilometres of existing track.

Previous independent modelling by PwC indicates that Inland Rail will support more than 21,500 direct and indirect jobs at the peak of construction, 5,500 more than originally envisaged, and will boost the national economy by more than $18.0 billion during construction and over the first 50 years of operation.

The previous Government had committed $14.5 billion in equity to enable the Australian Rail Track Corporation (ARTC) to deliver Inland Rail. The most recent cost and schedule reset took place in the 2020-21 Budget resulting in an additional $5.5 billion investment.

<u>Senate Inquiry into the Management of Inland Rail</u>

The Committee Report made 26 recommendations broadly focussing on:

- further Committee oversight to ARTC's delivery;
- reconsideration of the business case supporting the Commonwealth's investment;
- investigation into terminal infrastructure and connections to Gladstone and Port of Brisbane;
- enhanced engagement with industry and affected communities; and
- consideration of alternative alignments at Narrabri.

The previous Government tabled its response to the Senate Inquiry on 16 December 2021, supporting 15 of the 26 recommendations made in the Committee's report, and noting five.

Flooding in South Australia, Queensland and New South Wales

In January and March 2022, there were significant flooding events in South Australia, Queensland and New South Wales that caused damage to ARTC's rail assets. Subsequently, several routes have faced landslides and washaways, requiring repair of the track. Rail traffic along the Hunter Valley network and Interstate network in New South Wales were affected in the recent flooding in July 2022. ARTC has advised all lines are now operational.

Repairs are ongoing on the Moss Vale line in New South Wales, further delayed by recent flooding in July 2022. Customers and the community should be reassured that repair of damaged lines is a priority.

LAND ACQUISITION MATTERS

Issue

The Department of Finance administers the *Lands Acquisition Act 1989* and is currently progressing matters to assist responsible entities.

Headline Response

A small number of compulsory land acquisition compensation matters are currently in progress. These relate to completed acquisitions of: an easement for Western Sydney Airport; land for the expansion of Melbourne Airport; and the Defence training areas in Cultana, South Australia.

Talking Points

Compensation to Affected Landowners

- The Department of Finance is managing the compensation arrangements for completed land acquisition processes involving:
  - A Western Sydney Airport creek easement;
  - Melbourne Airport land; and
  - The Defence Cultana expansion area.
- These compensation processes are at various stages of consideration, and I am unable to comment further on compensation matters due to confidentiality.
- Questions on the acquisitions themselves should be raised with the responsible Ministers – the Minister for Infrastructure and Minister for Defence.
- Wherever possible, the Commonwealth acquires interests in land by agreement. The *Lands Acquisition Act 1989* provides an entitlement to compensation on 'just terms' for any landowner or other party with an interest in the acquired land.

Contact: Matthew Whitfort
Contact No: (02) 6215 3373
Division: Property and Construction
Date Updated: 06/07/2022
Date Last Printed: 12/08/2022 2:13 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000092

Review of the *Lands Acquisition Act 1989*

- Finance conducted a public review of the LAA during 2020 and 2021 to look at how it could be improved to best support the Commonwealth and other interest holders into the future.
- The Review's recommendations will strengthen the existing lands acquisition framework, providing better support and greater clarity and certainty to landholders and Commonwealth acquiring entities.
- Implementation of the recommendations is in progress.

Policy Commitments

- N/A

Contact: Matthew Whitfort
Contact No: (02) 6215 3373
Division: Property and Construction
Date Updated: 06/07/2022
Date Last Printed: 12/08/2022 2:13 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000092

Background

Western Sydney Airport

Finance is managing the compensation process for an easement over private land that was compulsorily acquired by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (Infrastructure) in March 2022.

As agreement on the amount of compensation payable for one of the easements was unable to be reached prior to acquisition, and in line with normal practice, Finance assumed responsibility for managing the compensation arrangements. The easement provides access to creek stabilisation infrastructure installed to manage Airport rainfall runoff.

Melbourne Airport

Finance assisted Infrastructure with the final stages of its land acquisition program in 2018 for the expansion of the Melbourne Airport and construction of a third runway.

Finance is assessing the bona fides of responses s 42 [redacted] claiming an interest in land acquired by Infrastructure in 2018 that do not have a clear existing registered owner s 42 [redacted]

There were a number of roads compulsorily acquired, including from the Hume City Council and the State of Victoria. Following a claim for compensation received from s 42 [redacted]

Cultana Expansion Area

On 17 October 2012, Defence compulsorily acquired land for the expansion of the Cultana Training Area in South Australia. The acquisition of required pastoral leases was completed in November 2012. Finance is making progress to resolve all outstanding compensation claims. s 42 [redacted]

The current LAA does not impose time limits in which former landholders must respond to the Commonwealth in relation to compensation matters.

Contact: Matthew Whitfort
Contact No: (02) 6215 3373
Division: Property and Construction
Date Updated: 06/07/2022
Date Last Printed: 12/08/2022 2:13 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000092

Amounts have been paid to some parties, however details are not public.

Questions in relation to individual land acquisitions should be raised directly with the Minister for Defence.

S 42 [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

LAA Review not to retrospectively apply to acquisition processes

The January 2020 announcement of the LAA Review noted that any changes to the legislation will not be retrospective. Any acquisition processes that commence before any proposed legislative changes occur will continue to fall under the existing LAA provisions. This will provide certainty for claimants, acquiring authorities and other persons involved in an acquisition process.

Contact: Matthew Whitfort
Contact No: (02) 6215 3373
Division: Property and Construction
Date Updated: 06/07/2022
Date Last Printed: 12/08/2022 2:13 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000092

MACHINERY OF GOVERNMENT CHANGES IMPLEMENTATION

Issue

What does the Administrative Arrangements Order (AAO), which commenced on 1 July 2022, achieve?

Headline Response

The AAO and associated machinery of government changes will help deliver better government for all Australians.

Talking Points

- The AAO and associated machinery of government changes, which commenced on 1 July 2022, align the public sector departmental and administrative arrangements to the Government's key priorities and will help to deliver better government for all Australians.
- The changes include:
  - the creation of two new departments, increasing the total number of departments from 14 to 16;
  - the renaming of five departments;
  - 30 entities moving between portfolios;
  - the movement of 90 programs between entities; and
  - the movement of around 26,000 staff across portfolios.
- Specifically, the changes reflecting the Government's priorities include:
  - A new Department of Employment and Workplace Relations to implement and administer the Government's workplace relations, jobs, skills and training agenda; and
  - A new Department of Climate Change, Energy, the Environment and Water to deliver the Government's job-creating climate change and energy agenda and give Australia's environment the protection it deserves.

Contact: Calan McKay
Contact No: (02) 6215 2824
Division: Financial Analysis, Reporting and Management Division
Date Updated: 19/07/2022
Date Last Printed: 12/08/2022 2:13 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:

PDR Number: QB22-000093

- It is the Government's expectation that machinery of government changes are implemented by the public sector as efficiently as possible. All milestones required to achieve 1 July commencement were met and the public sector is well placed to implement all operational aspects of the changes within the coming months.
- The impact of the changes will be fully reflected in the Budget Papers that are tabled on Budget night, 25 October 2022.

Policy Commitments N/A

Contact: Calan McKay
Contact No: (02) 6215 2824
Division: Financial Analysis, Reporting and Management Division
Date Updated: 19/07/2022
Date Last Printed: 12/08/2022 2:13 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:

PDR Number: QB22-000093

Background

On 1 June 2022, the Prime Minister and you announced a new AAO and associated machinery of government changes, to take effect on 1 July 2022 (Attachment A). On 23 June 2022, the AAO was re-published to capture a number of additional minor amendments which also took effect from 1 July 2022.

On 22 June 2022, the Prime Minister announced the appointment of Secretaries for all departments other than for the Department of Industry, Science and Resources (Attachment B).

Final transfers of annual appropriation funding are due to be submitted to Finance by 26 August 2022.

All pre-1 July and early milestones were completed on time. In addition to operational matters being managed by each affected entity, these key milestones included:

- the establishment of new and amended outcome statements for four departments;
- the initial transfer of approximately $5 billion in annual appropriation funding under the 2022-23 Supply Acts;
- the movement of 46 special appropriations, totalling approximately $7.8 billion between portfolios; and
- agreement between the APSC and affected entities on the dates for the transfer of staff between affected entities (dates are various, with the majority of transfers occurring on 4 August 2022).

As has been the practice since 2019, it is expected that machinery of government changes are implemented within 13 weeks of the date of effect.

- This timing would see implementation of material aspects of the machinery of government changes by 30 September 2022.

Contact: Calan McKay
Contact No: (02) 6215 2824
Division: Financial Analysis, Reporting and Management Division
Date Updated: 19/07/2022
Date Last Printed: 12/08/2022 2:13 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:

PDR Number: QB22-000093

ATTACHMENT A

Media Release 'Delivering a Better Government'

1 June 2022

Prime Minister, Minister for Finance, Minister for the Public Service, Minister for Women

Following the swearing-in of the full ministry today we announce the following departmental and administrative changes that will help deliver better government for all Australians. These changes will take effect on 1 July 2022.

A new Department of Employment and Workplace Relations will be created to implement and administer the Government's workplace relations, jobs, skills and training agenda.

A new Department of Climate Change, Energy, the Environment and Water will be created to deliver the Government's job-creating climate change and energy agenda and give Australia's environment the protection it deserves.

Reflecting key priorities of the Government the Department of Health will be renamed the Department of Health and Aged Care and the Department of Infrastructure, Transport, Regional Development and Communications will be renamed the Department of Infrastructure, Transport, Regional Development, Communications and the Arts.

The Department of Finance will gain responsibility for data policy, including the Digital Transformation Agency, as well as de-regulation.

The Department of Home Affairs will gain responsibility for natural disaster response and mitigation, including the National Recovery and Resilience Agency.

The Attorney-General's portfolio will gain responsibility for criminal law enforcement and policy, including the Australian Federal Police.

The new Administrative Arrangements Orders will be published on Department of the Prime Minister and Cabinet later today.

ATTACHMENT B

Media Statement 'Announcement of New Department Secretaries'

22 June 2022

Prime Minister

Today, I am announcing my intention to recommend to the Governor-General the appointment of four new secretaries of Australian Public Service departments.

Jim Betts will be appointed as Secretary of the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. Mr Betts has extensive experience in the New South Wales and Victorian public services, including as Secretary of the NSW Department of Planning, Industry and Environment, Secretary of the Victorian Department of Transport, and CEO of Infrastructure NSW. He will bring to the Federal level a deep understanding of the priority challenges facing Governments in this space. Mr Betts' appointment will commence on 11 July 2022.

Jan Adams AO PSM will be appointed as Secretary of the Department of Foreign Affairs and Trade. Ms Adams is a senior career officer with the Department of Foreign Affairs and Trade and is currently Australia's Ambassador to Japan. She has previously served as Ambassador to China, as a senior trade negotiator and as Ambassador for Climate Change. Ms Adams has also had postings to Washington and to the OECD Secretariat in Paris. Ms Adams will commence her appointment on 1 July 2022.

Natalie James will be appointed as Secretary of the Department of Employment and Workplace Relations. Ms James has an extensive career in public service and employment and workplace relations. From 2005 until 2010, she was Chief Counsel to the Department of Education, Employment and Workplace Relations, becoming a State Manager of that Department in 2010. In 2013, she was appointed the Fair Work Ombudsman for the Commonwealth. Recently, Ms James has been a Partner at Deloitte Australia. Ms James will commence her appointment on 11 July 2022.

Jenny Wilkinson PSM will be appointed as Secretary of the Department of Finance. Ms Wilkinson, currently Deputy Secretary at Treasury, has held positions across several departments and agencies. This includes running the Parliamentary Budget Office, from July 2017 to January 2020. Prior to that, she held senior positions at Treasury, the Department of Industry, the Department of Climate Change, the Department of the Prime Minister and Cabinet, and the Reserve Bank of Australia. Working in these roles, she has provided advice on a wide range of economic policy issues. She was awarded a PSM in 2021 for outstanding public service in the development of fiscal policy. Ms Wilkinson will take up her appointment on 9 August 2022, on Rosemary Huxtable's retirement.

Additionally, David Fredericks PSM will be leaving his role as Secretary of the Department of Industry, Science and Resources, to lead the newly created Department of Climate Change, Energy, the Environment and Water. Mr Fredericks has extensive senior experience engaging on policy and Budget within the APS and ministers' offices. As well as Secretary experience in both the Department of Industry, Science and Resources, and the Department of Environment and Energy, he has experience at the Deputy Secretary level at the Attorney-General's Department and the Department of Finance. He has held senior Ministerial Adviser roles at both the Commonwealth and state levels. Prior to that he served in the Solomon Islands' Ministry of Treasury and Finance.

Each of these appointments will be for five years.

Dr Gordon de Brouwer PSM will return to the Australian Public Service as Secretary for Public Sector Reform. Working to the Minister for the Public Service and in close partnership with Peter Woolcott AO, the Australian Public Service Commissioner, he will lead and implement a wide range of public sector reforms which will support my commitment to place greater value on the public service and to grow its capability.

Simon Atkinson and Kathryn Campbell AO CSC will conclude their Secretary roles with effect from 1 July 2022. I thank them both for their service to the Australian Public Service over many years. They have both brought great professionalism and deep experience to the range of roles they have held, and I wish them both the best. Ms Campbell will be taking up a senior appointment in the Defence portfolio in an AUKUS-related role.

I congratulate Mr Betts, Ms Adams, Ms James and Ms Wilkinson on their appointments. The appointment of Secretary of the Department of Industry, Science and Resources will be made shortly. Acting Secretaries will be appointed by Ministers as required.

Attached is a full list of Secretaries and their Departments with effect from July 2022.

APS Departments and Secretaries as at 1 July 2022

Department of the Prime Minister and Cabinet	Prof Glyn Davis AC
Department of Agriculture, Fisheries and Forestry	Mr Andrew Metcalfe AO
Attorney-General's Department	Ms Katherine Jones PSM
Department of Climate Change, Energy, the Environment and Water	Mr David Fredericks PSM
Department of Defence	Mr Greg Moriarty
Department of Education	Dr Michele Bruniges AM
Department of Employment and Workplace Relations	Ms Natalie James *[from 11 July 2022]*
Department of Finance	Ms Jenny Wilkinson PSM *[from 9 Aug 2022]*
Department of Foreign Affairs and Trade	Ms Jan Adams AO PSM
Department of Health and Aged Care	Prof Brendan Murphy AC
Department of Home Affairs	Mr Michael Pezzullo AO
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	Mr Jim Betts *[from 11 July 2022]*
Department of Industry, Science and Resources	TBC
Department of Social Services	Mr Ray Griggs AO CSC
Department of Veterans' Affairs	Ms Elizabeth Cosson AM CSC
Department of the Treasury	Dr Steven Kennedy PSM

Contact: Calan McKay
Contact No: (02) 6215 2824
Division: Financial Analysis, Reporting and Management Division
Date Updated: 19/07/2022
Date Last Printed: 12/08/2022 2:13 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:

PDR Number: QB22-000093

DEVELOPMENT OF INTERMODAL TERMINALS IN VICTORIA AND QUEENSLAND

Issue

What is the status of the Victorian and Queensland Intermodal Terminals?

Headline Response

The Government, through the National Intermodal Corporation (National Intermodal), is continuing to facilitate the development of new intermodal terminals in Melbourne and Brisbane.

Talking Points

- National Intermodal is the Commonwealth's investment vehicle for intermodal terminals in Melbourne and Brisbane to support Inland Rail, and is also responsible for the delivery and oversight of the Moorebank Intermodal Precinct in Sydney.
- The projects will provide open and non-discriminatory third-party access to intermodal terminals, supporting the development of a more efficient and effective national freight network and market.
- National Intermodal is working closely with the Government, respective state and local governments and the Australian Rail Track Corporation to plan and deliver the new Melbourne and Brisbane intermodal terminals, minimising risk to delivery and timeframes. National Intermodal will leverage its capability and prior experience in delivering the Moorebank precinct to support this project.

If asked about the Beveridge land option in Victoria

- National Intermodal has reached agreement with Qube to purchase its option to acquire a Melbourne terminal site at Beveridge, in Victoria.
- National Intermodal will undertake due diligence on the site and seek Government agreement before making a final decision whether to acquire the site.

Contact: s 22
Contact No: s 22
Division: Commercial Investments
Date Updated: 07/07/2022
Date Last Printed: 12/08/2022 2:13 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000094

Policy Commitments

- The Government's investment in intermodal terminals aligns closely with its policy commitment under the National Reconstruction Fund, to improve the efficiency and integration of the national freight transport network.

- The Government has committed to a review of the Inland Rail project, which will consider the end points for Inland Rail.

Contact: s 22
Contact No: s 22
Division: Commercial Investments
Date Updated: 07/07/2022
Date Last Printed: 12/08/2022 2:13 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000094

Background

In 2012, the Moorebank Intermodal Company (MIC) was established as a Government Business Enterprise to oversee the development of an intermodal terminal precinct on Commonwealth-owned land at Moorebank.

The Commonwealth, as sole shareholder, is taking the necessary steps to reflect the company's new name and broader remit, including amending corporate governance documentation and progressing legislative amendments.

On 18 December 2021, the *Financial Framework (Supplementary Powers) Amendment (Infrastructure, Transport, Regional Development and Communications Measures No. 6) Regulations 2021* took effect, reflecting the company's new name (National Intermodal Corporation) and expanded mandate. On 24 February 2022, the company registered its new name with the Australian Securities and Investments Commission. Further legislative changes remain in progress.

Victorian and Queensland Terminal Business Cases

In the 2019-20 Budget, the Australian Government committed $20 million to fund business cases with the Victorian and Queensland state governments (capped at $10 million each and subject to state government contributions) to progress planning for the development of intermodal terminals in Melbourne and Brisbane. The terminals will integrate into Inland Rail's offering by accommodating double-stacked trains.

The business case for a terminal solution in Victoria to support Inland Rail was completed in March 2021. A business case for a terminal in Brisbane to support Inland Rail is underway in partnership with the Queensland Government and is expected to be completed by mid-July 2022. These business cases assessed a range of implementation strategies and includes recommendations on which locations would provide the best value for money investment.

The Government will consider the outcomes from these business cases following assessment by the Department of Finance and the Department of Transport, Regional Development and Communications and the Arts, including consultation with National Intermodal.

Moorebank Intermodal Terminal Precinct (Moorebank precinct)

Identified by Infrastructure Australia as a priority project, the Moorebank precinct is expected to deliver up to $11 billion in economic benefits over the next 30 years, including improved productivity, reduced costs to businesses, reduced road congestion and enhanced sustainability.

Sydney Intermodal Terminal Alliance, which has since been acquired by Qube Holdings Limited contributed an investment of around $1.5 billion, plus contributed land. The Commonwealth is supporting National Intermodal through contributed land and equity contributions.

The planned precinct includes an Import-Export (IMEX) Terminal, a dedicated interstate freight terminal and associated warehousing.

The precinct is planned to ultimately have a combined capacity for 1.55 million freight containers and warehousing capacity of up to 850,000 square metres (note 600,000 square metres has been approved by planning authorities to date).

NBN CO CURRENT ISSUES

Issue

What are the Government's plans for the National Broadband Network?

Headline Response

The Government has committed $2.4 billion to upgrade NBN Co's Fixed Line network, expanding full-fibre NBN access to an additional 1.5 million premises and providing 90 per cent of Australians in the fixed line footprint with access to gigabit speeds by 2025.

Policy Commitments

Fixing the NBN

- The Government has committed $2.4 billion to fix the NBN and deliver the following outcomes:
  - Expanding full-fibre network access to an additional 1.5 million premises, including 660,000 premises in regional and rural Australia; and
  - Providing 90 per cent of Australians in NBN Co's Fixed Line footprint, over 10 million premises, with gigabit speed access.
- This commitment builds on NBN Co's current investment program which commits to delivering gigabit capable speeds to 75 per cent of the Fixed Line network by 2023 (refer Background).
- The Government is working with NBN Co to determine the most effective delivery arrangements for this additional investment.
- The Government intends to retain NBN Co in public ownership for the foreseeable future.

Better Connectivity for Rural and Regional Australia Plan

- In June 2022, the Government made a $480 million grant to NBN Co under the *Better Connectivity for Rural and Regional Australia Plan*.

Contact: s 22 [redacted]
Contact No: s 22 [redacted]
Division: Commercial Investments
Date Updated: 29/07/2022
Date Last Printed: 12/08/2022 2:13 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000095

  - NBN Co will separately contribute $270 million, bringing total funding for this upgrade to $750 million.

- This funding will support NBN Co's upgrade of the Fixed Wireless network, providing the Fixed Wireless footprint with access to speeds of up to 100 megabits per second (Mbps), with 85 per cent of the footprint able to access 250 Mbps.

- The commitment also provides for increased data allowances for NBN Co's Sky Muster Satellite services, and will allow for improved network experiences for Satellite customers.

  - On 4 July 2022, NBN Co announced that end-users connected to NBN Co's Sky Muster Plus satellite services will have access to unmetered usage between 12am and 4pm as of 1 July 2022.

Other Election Commitments

- In addition to its *Fixing the NBN* policy and *Better Connectivity for Rural and Regional Australia Plan*, the Government committed to delivering the following:

  - **Free broadband access**: under its *Plan to Boost Education Opportunities for 30,000 Families with No Internet at Home*, the Government committed to providing free broadband access for up to 30,000 families per year.

  - **Feasibility of decongesting satellite beams**: Shareholder Ministers are working with NBN Co to examine the feasibility of reducing congestion on NBN Co's satellite network in areas served by NBN Co's most congested satellite beams.

Special Access Undertaking

- On 27 July 2022, the Minister for Communications, the Hon Michelle Rowland MP, announced the Government's support for NBN Co withdrawing its Special Access Undertaking (SAU) proposal currently under consideration with the Australian Competition and Consumer Commission (ACCC).

  - Minister Rowland stated that the current SAU variation, submitted under the previous Government, was under-pinned by unrealistic revenue expectations, and reflected views to privatisation.

- The Government expects NBN Co to submit a revised SAU proposal which responds to concerns raised by industry on the current proposal and which aligns with the Government's priorities to maintaining ownership of NBN Co for the foreseeable future, while delivering an affordable, reliable and high-quality network.

- NBN Co has been asked to work closely with the ACCC, retail service providers and other industry stakeholders in developing a revised SAU that serves the interests of Australian consumers while ensuring NBN Co remains commercially viable.

<u>If asked about whether the Government would write-down its investment in NBN Co:</u>

- The Government has committed to further investments in the NBN network under the 'Fixing the NBN' plan. The commercial sustainability of NBN Co is central to our ability to improve the network and provide better services and pricing to Australian consumers.

- The value of NBN Co is established independently of government, in accordance with accounting standards.

Background

Investment Acceleration Program

NBN Co's existing 2020-21 Corporate Plan included $6.0 billion in new investments.

- The $4.5 billion network upgrade program to 2022-23 includes:
  - $3.5 billion to upgrade the Fixed Line network to enable gigabit capable (1,000 Mbps) speeds for up to 4.7 million premises;
  - $700 million for small to medium business enablement, including investing in Business Fibre Zones; and
  - $300 million to establish a State, Territory and Local Government co-investment fund for regional Australia.
- NBN Co is also investing $1.5 billion in the following:
  - $200 million for IT Simplification to reduce costs for NBN Co and retailers and improve overall customer experience;
  - $300 million for COVID-19 industry support – including a 40 per cent Connectivity Virtual Circuit (CVC) boost and $150 million worth of financial assistance packages;
  - $400 million to implement a regional and rural business unit; and
  - $600 million for connecting 300,000 new premises identified outside of the 2021-22 Corporate Plan process, including greenfield developments.

Key Metrics

As at 21 July 2022 there are:

- 12.1 million premises 'ready to connect'; and
- 8.5 million premises with an active NBN service.

As at 31 March 2022, 76 per cent of NBN Co's end-users are on a 50 Mbps plan or higher, including 18 per cent of users on a 100 Mbps or higher plan.

UPDATED COMMONWEALTH PROCUREMENT RULES

Issue

"Why did the Government make changes to the Commonwealth Procurement Rules (CPRs)?"

Headline Response

Changes to the CPRs came into effect on 1 July 2022 to support the delivery of key social and economic outcomes that benefit all Australians. These outcomes include supporting action on climate change, strengthening opportunities for small and medium enterprises (SMEs), and delivering value for money outcomes for taxpayers. This was the first step in implementing our *Buy Australian Plan* and we'll have more to say about implementing this key element of Labor's plans to build a future made in Australia

Talking Points

- Each year the Australian Government spends approximately $70 billion on procuring goods and services.
  - This spending is a significant economic lever – it stimulates growth in small and regional business and across industry sectors, ultimately allowing businesses to employ more staff.
- The changes to the CPRs deliver on our election commitment to boost the number of SMEs that can benefit from Government spending by requiring 20 per cent of procurements by value to be sourced from SMEs.
  - This doubles the previous target of 10 per cent.
- The changes also include action on climate change, in line with the Government's commitment to reduce emissions. Officials are now required to consider a procurement's broader climate change impacts when undertaking a value for money assessment.

Contact: s 22
Contact No: s 22
Division: Procurement and Insurance
Date Updated:20/07/2022
Date Last Printed: 12/08/2022 2:14 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000096

- The CPRs also now explicitly encourage entities to approach multiple suppliers when procuring from a panel arrangement. This improves competition, driving value for money and ensuring a better deal for the taxpayer.

- This was the first step in implementing the *Buy Australian Plan* we took to the last election, and we'll have more to say about this policy and how it fits into this Government's plan to build a future made in Australia.

Policy Commitments

- Under its Buy Australian Plan, the Government has committed to:
  - using government spending power to take action on climate change and support energy projects;
  - opening the door to more government work for more small and medium business; and
  - providing more opportunities for First Nations businesses with a view to maximising skills transfer; and
  - establishing a Future Made in Australia Office, backed up by laws that lock in key elements of the CPRs to actively support local industry to take advantage of government purchasing opportunities.

- The Government has also committed to maximising small business participation in Commonwealth procurement under its Better Deal for Small Business policy.

Background

On 1 July 2022, in a joint media release between the Minister for Finance and the Minister for Small Business, the Government announced changes to the CPRs that came into effect on 1 July 2022. The changes were in addition to those announced by the former Government in early 2022, and are detailed in Attachment A.

In March 2022, the former Government announced changes to the CPRs that came into effect on 1 July 2022. These changes support this Government's objectives in simplifying Commonwealth procurement and supporting procurement opportunities for SMEs by:

- improving SME engagement, awareness and capability to tender for Commonwealth procurement opportunities;
- requiring officials to consider disaggregating large projects into smaller packages, where appropriate, which increases competition and opportunities for SMEs and mid-tier businesses to participate in larger scale procurements, and builds sovereign capability;
- reducing up-front tendering costs for suppliers; and
- encouraging consideration of appropriate risk-sharing between suppliers and Commonwealth entities.

Media articles on the changes to the CPRs to date have been positive or neutral.

Attachment A

Table of amendments to the Commonwealth Procurement Rules commenced 1 July 2022

CPR Change	General Comment
Foreword	New foreword attributed to the Minister for Finance.
Achieving value for money (4.5 e)	Amended text to include climate change impacts in relevant financial and non-financial considerations of value for money.
Achieving value for money (4.5 e. ii)	Amended text to reflect the new Department of Climate Change, Energy, the Environment and Water.
Small and Medium Enterprises (5.6)	Amended text to increase the Australian Government's commitment to non-corporate Commonwealth entities sourcing to 20 per cent of procurement by value from SMEs.
Procurement from standing offers (9.14)	New text advising officials to approach multiple potential suppliers from a standing offer, to maximise competition.
Previous changes to the Commonwealth Procurement Rules (CPRs) taking effect on 1 July 2022	
Figure 1: Legislation and Policy	Inclusion of *Government Procurement (Judicial Review) Act 2018* under Legislation heading and inclusion of new text 'free trade agreements and other commitments' under International obligations heading within Legislative and policy environment.
Compliance with the two divisions of the CPRs (3.8)	Amended text to provide clarification that the CPRs apply to the administrative services of the Commonwealth Superannuation Corporation that relate to the superannuation schemes it administers.
Procurement-connected policies (4.9)	Amended text stipulates that non-corporate Commonwealth entities and prescribed Commonwealth corporate entities must comply with procurement-connected policies where the policy indicates that it is applicable to the procurement process and to the entity.
Small and Medium Enterprises (5.5 d)	Updated sub-paragraph requiring procuring officials to consider the disaggregation of large projects into smaller packages that maximise competition where appropriate.

Small and Medium Enterprises (5.8)	Amended text reflecting the removal of the $1 million threshold in the *Supplier Pay On-Time or Pay Interest Policy* – Resource Management Guide (RMG 417).
Procurement risk (8.4)	New text to provide that suppliers do not need to take out insurance until a contract is to be awarded and to limit insurance imposts in contracts and embed the principle of risk sharing by better reflecting the actual risk in contractual liability.
Appendix A: Exemption 17	Amended text allowing the Department of Defence to directly engage an SME for procurements valued up to $500,000 (note: the requirements under the *Indigenous Procurement Policy* must first be satisfied before this exemption is applied).

QBT WAIT TIMES AND DELAYS

Issue

What is the Government doing to address the responsiveness issues being experienced with the Government's travel management service provider?

Headline Response

The Government recognises the difficulties the travel industry has been facing. The Department of Finance has been working with the Government's travel management service provider to return to normal operations.

Talking Points

- The Government acknowledges the impacts that COVID-19 and the associated travel restrictions has had on the travel industry.
- Increased call wait times have been caused by workforce challenges across the travel industry.
- My Department has been working closely with the service provider on strategies to reduce call wait times. Actions include the:
  - introduction of automated notice of travel bookers' queue position when on hold;
  - improvements to the online booking tool to reduce call centre demand; and
  - re-introduction of dedicated Account Managers for each entity to improve responsiveness.
- Call wait times have improved with average hold times reducing by 67 per cent since April 2022.
- My Department has been providing entities with regular communications, including tips and industry updates, to assist with the management of travel during this challenging time.

Contact: s 22
Contact No: s 22
Division: Procurement & Insurance
Date Updated: 11/07/2022
Date Last Printed: 12/08/2022 2:14 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000097

- Finance has been actively working with Commonwealth entities to increase the uptake of QBT's online travel booking tool. Greater use of the tool will further improve the responsiveness of QBT's call centres.

Policy Commitments

- N/A

Contact: s 22
Contact No: s 22
Division: Procurement & Insurance
Date Updated: 11/07/2022
Date Last Printed: 12/08/2022 2:14 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000097

Background

The Department of Finance manages a range of non-ICT whole of Government procurement arrangements that leverage aggregated purchasing power to deliver price savings and administrative efficiencies. The Whole of Australian Government Travel Arrangements are coordinated procurements established and managed by the Department of Finance which involve approximately 140 participating entities and over 20 suppliers.

The travel arrangements are designed to reduce travel-related costs and streamline processes for agencies when booking and paying for official travel. The arrangements include travel management services, domestic and international air travel services, accommodation, car rental, and travel and payment cards.

The Travel Management Services (TMS) contract provides travel booking and management services to participating entities.

QBT Pty Ltd is the sole provider under the TMS Deed, which commenced on 1 July 2015 with an initial term of four years. A final twelve-month Extension Option has been used to extend the contract to 30 June 2023. Exercising the final extension to the TMS Deed provides Finance time to undertake an open tender process to establish a new TMS arrangement.

On 25 March 2022, Corporate Travel Management (CTM) acquired the corporate and entertainment travel arm of Helloworld Limited, which included QBT and AOT Hotels. This was done with the consent of Finance, as required under the travel and accommodation arrangements. This sale was completed on 1 April 2022.

In line with the COVID-19 Procurement Policy Note issued in May 2020, Finance has managed specific issues arising as a result of COVID-19 in a collaborative and sensible manner. This has included periods of reduced travel management service level requirements to reflect the unique circumstances caused by the pandemic. These reduced levels are no longer in place.

Senior Executives from Finance have met and continue to meet regularly with the CEO of CTM to critically manage the issues.

Finance has commenced preparation of a competitive tender process for a new travel management service arrangement at the expiration of the current contract in June 2023. The new arrangement will allow for a refresh of the service offering and a review of new technologies to better support Government travel needs.

PURPOSE-BUILT QUARANTINE CENTRES

Issue

Will the new Purpose-Built Quarantine Centres (the Centres) be required now that states have removed quarantine requirements?

Headline Response

The Commonwealth has built these facilities in partnership with State Governments. The facilities will provide Australia with a new resilience capability for a range of potential future crises, including quarantine.

Talking Points

- The Government's priority is the safety and wellbeing of Australians and supporting those overseas to travel here safely.
- The Centres are investments in the future preparedness of our nation when it comes to quarantine and other potential future crises, and will be around for decades to come.
- The Centres will ensure that Australia has the capability to respond to any future quarantine needs quickly.
- The National Review of Quarantine provided by Adj. Professor Jane Halton AO PSM on 12 October 2021 outlined a risk-based framework for quarantine and the importance of growing our capacity to respond to future risks.
- The Centres are purpose-built for quarantine and so reserve capacity to meet quarantine requirements should take precedence over alternative uses.
- Now that all Centres are nearing completion, reserve quarantine capacity can provide an ongoing and cost effective insurance policy when considering the economic impact resulting from potential future pandemics or health crises.
- The Melbourne facility is currently being used by people needing to quarantine. As at 26 July 2022, there were 79 people in the Mickleham facility in Victoria.
- Once there is no longer a need for dedicated quarantine accommodation for the COVID-19 response, the Centres can be used for other purposes. Finance will work with Commonwealth agencies and the states on future uses for the Centres.

Contact: David O'Connor
Contact No: (02) 6215 3889
Division: Quarantine Infrastructure Delivery
Date Updated: 27/07/2022
Date Last Printed: 12/08/2022 2:14 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000098

- Future use proposals will be evaluated on a case-by-case basis noting that the design of the Centres provides for strict infection prevention and control mechanisms, and opens up possibilities to support: state health systems, including for future health emergencies; humanitarian efforts (e.g. evacuees from warzones); and temporary or crisis accommodation in responding to natural disasters or other events.

Why has Queensland announced it will not operate the Centre in Brisbane?

- The Queensland Government has announced that it does not have a COVID-19 use for the Centre in the short term and will not pursue a licence agreement with the Commonwealth.
- Whilst the Commonwealth had anticipated that Queensland would take initial operating control of the Centre, the Memorandum of Understanding between Governments for the construction and operation of the Centre was signed under different circumstances - at the height of the COVID-19 pandemic (16 August 2021) when there was a clear imperative to balance repatriation, border restrictions, lockdowns and quarantine to reduce the spread of COVID-19.
- The announcement by the Queensland Government does not diminish the long term resilience capability that the Centre provides for Australia, or the capacity for the Centre to deal with changes and challenges that could emerge during the current COVID-19 period.
- The Centres were always envisaged as being enduring assets, under Commonwealth ownership and as such they can be used to respond to future crises beyond COVID-19. The Centres have been designed and purpose built to the highest of standards, with a long useful life and design features that provide for strict infection prevention and control standards, a combination that does not exist in any other facilities in Australia.
- My Department will continue to work in partnership with the Queensland Government as the Centre could support state health or emergency management uses in the future.

- In the short term, my Department will look at bringing forward options to see that the Centre is utilised. This will include future national resilience options including emergency response capability, Defence use, and private sector opportunities that will all be supported by the design of the Centre and the strategic location of the Pinkenba site.

- The Managing Contractor has worked tirelessly to deliver a high quality and enduring facility that is nearing completion. Once complete, the Centre will have been designed, constructed and made ready for use in record time for a facility of this standard and quality – within a year of an agreement with Queensland being signed. The construction of this facility has occurred during a period of extreme weather events in South East Queensland that have made construction extremely challenging.

If asked whether the Centres could be used for domestic violence accommodation

- The Government is committed to supporting women and children escaping violence. We will make a $1.6 billion investment to build at least 4,000 new social housing properties within five years for women and children fleeing family and domestic violence as part of our Housing Australia Future Fund and will build 20,000 new social housing properties and 10,000 affordable homes.

- We will also provide an extra $100 million for crisis and transitional housing options for women and children escaping violence and for older women on low incomes who are at risk of homelessness.

- This work will be a priority for the Government for the upcoming October Budget process – in the mean time we would be open to considering future use proposals from the State Governments for accommodation for people affected by domestic and family violence who require emergency accommodation.

- The licence agreements that are in place do provide us with the flexibility to agree to future-use proposals, and my Department will work with State Governments to evaluate any that are brought forward on a case by-case basis.

- Consideration of any future-use proposal would be subject to Commonwealth quarantine policy. While there is no longer a requirement for unvaccinated domestic or international arrivals to quarantine, the last two years have shown us the importance of being prepared for whatever the future holds and we will

work with the States to determine the level of base capacity that will need to be maintained.

- Future uses will need to be brought forward by the relevant state as a formal proposal that can be evaluated and agreed with the Commonwealth.

What is the cost of the Centres?

- The total project cost for all three Centres (in Melbourne, Brisbane and Perth) is estimated to be around $1.37 billion.
- The expected total cost for the Melbourne Centre is approximately $580 million.
- In Melbourne the 1000 bed Centre was constructed and handed over to Victoria in stages with the initial stage completed on 31 December 2021. Final stages of the Centre were completed in January and February 2021 with the last buildings handed over to COVID-19 Quarantine Victoria (CQV) on 11 March 2022.
- Specific project costs for the Perth and Brisbane Centres are still being finalised.
- The value of committed contracts associated with the Centres are publicly reported on AusTender.
- Under the Memoranda of Understanding with the Commonwealth, the Victorian and Western Australian governments will operate their Centre for the duration of the pandemic.
  - The nature of any quarantine arrangements in any state will be the responsibility of that state government.
  - States are also responsible for all procurement in relation to operational requirements for the Centres, including provision of medical services.
- COVID-19 Quarantine Victoria currently operates the Centre in Melbourne and the Western Australian Government has undertaken a competitive tender process for operational services in Perth.

<u>Status of the Purpose-built Quarantine Centre – Melbourne</u>

- The contract was executed with the Managing Contractor, Multiplex on 27 July 2022, and contract completion was achieved in seven months, by 11 March 2022 for the entire facility.

- The first 250 places were delivered to the Victorian Government on 21 January 2022 and 500 places by 31 January 2022, as well as all central facilities buildings. COVID-19 Quarantine Victoria (CQV) commenced operation on 21 January 2022.
- The second 500 places, and the Health and Police/Administration Buildings were provided to CQV under a shared access arrangement from 28 February 2022, and a final handover occurred on 11 March 2022.

Status of the Purpose-built Quarantine Centre – Brisbane

- The site was significantly impacted by the rain/flooding event in late February and early March 2022 in South East Queensland. The weather event has significantly impacted the construction of the initial accommodation zone by the end of the first quarter 2022. The project continues to experience delays due to inclement weather and the ongoing impact of flooding and above-average rainfall on the East Coast of Australia.
- Significant progress has been made since construction commenced and my Department is working with the Managing Contractor to ensure the project is delivered as soon as possible.
- Construction is scheduled for completion in August 2022.
- The Government will release specific costings for the Centre in Brisbane as the site nears completion.

Status of the Purpose-built Quarantine Centre – Perth

- My Department is taking a staged completion and handover approach, consistent with strategies for the Centre in Melbourne.
  - The first 250 beds was offered to the state for shared access on 16 May 2022 allowing WA, if needed, to quickly ramp up and operate part of the Centre for quarantine purposes before all works are complete.
  - Shared access makes the first 250 beds available to the WA Government to commence establishment activities, commissioning, testing and training activities while the managing contractor completes minor works.
  - The remaining 250 beds is expected to be complete by the end of July 2022, with completion of the Central Facilities buildings expected to be completed in late August.

  - The strategy is intended to enable the WA Government, or its operator, to commence its establishment activities, commissioning, testing and training activities prior to the Centre opening for operation.

- My Department is working with the Managing Contractor and its subcontractors to ensure availability of materials and labour to ensure that the Centre can be delivered within the shortest timeframe possible. The Centre will be complete in the coming weeks.
  - Construction of the accommodation units and support facilities are likely to be completed by the end of July. Construction of the Central Facilities buildings are likely to be completed by the end of August 2022.

If asked about water supply to the Perth Centre

- On 7 October 2021, the previous Government announced that Defence would progress works to connect West Bullsbrook properties to town water.
  - The Government consulted with the WA Government and the Western Australian Water Corporation. The Department of Defence is progressing works to connect properties to town water.
  - The Defence works will leverage the construction of a permanent pipeline connecting the Centre to Ellenbrook. Construction of the permanent connection to the Centre will be finished later this year.
- The Centre will use tank water until a permanent solution for water connection to the site is finalised.

Policy Commitments

- Centres will be operated by the relevant state or territory governments for the duration of their use as COVID-19 quarantine facilities or for other future uses as agreed by the Commonwealth.

- My Department is also working closely with other Commonwealth agencies, including Departments of Health, Home Affairs and Defence, on the longer term future uses for the Centres once operational responsibility is returned to the Commonwealth. The Department of Health is responsible for the development of human quarantine policy. The Department of Home Affairs is responsible for the arrangements for the settlement of migrants and humanitarian entrants.

Background

Multiplex has been appointed as Managing Contractor to lead construction and delivery of the Centres, and site works are underway.

Multiplex is an established global construction company that has delivered over 1,000 projects across the world and has an outstanding track record of successfully delivering complex projects across Australia.

Memoranda of Understanding

Victoria – On 4 June 2021, then Prime Minister and the Victorian Premier signed a Memorandum of Understanding (MOU) to progress a 1,000 bed facility at Mickleham. Mickleham was selected as the preferred site on balance of timing, cost, impact and risk.

Queensland – On 16 August 2021, then Prime Minister and the Queensland Premier signed a MOU to build a Centre in Brisbane. On 27 July 2022, the Queensland Government announced that it would not be entering into a licence agreement to operate the facility for an initial term.

Western Australia – On 16 August 2021, then Prime Minister and the Western Australian Premier signed an MOU to progress a purpose-built quarantine and emergency response facility in the state.

Public Interest Immunity Claim by the Minister for Finance

On 16 December 2021, the former Minister for Finance made a claim for Public Interest Immunity on the feasibility studies completed by AECOM for the Centres in Brisbane and Perth as they contain technical assumptions being used to inform ongoing active procurement processes. Release of this information would impact commercial arrangements with the market and prejudice the Commonwealth's ability to achieve value for money outcomes. It could also disadvantage third parties and the Commonwealth's contractors.

The release of the feasibility studies would disclose information that was considered by the Commonwealth, the Western Australian and Queensland Governments in their deliberations and could potentially damage relations between the Commonwealth and the states.

Water Supply to Bullsbrook

Prior to selecting the site at Bullsbrook, an independent feasibility study was undertaken by engineering firm AECOM, looking at usual planning, environmental and health issues. The engineers found that the site was both safe and suitable.

There are no existing water connections available to the Bullsbrook site. Existing residential properties in the area are currently supplied by bore water, the centre has a tank supply as an interim solution for potable water supply, which with be transitioned to town mains water following the completion of the 12.5km permanent water supply pipeline from Ellenbrook.

PFAS Contamination at Bullsbrook

The Bullsbrook Training Area is not connected to the Pearce Airbase (that has been the subject of community concerns related to PFAS). The Bullsbrook Training Area is approximately three kilometres away across the Tonkin Highway and closer to fruit and vegetable growers to the North of the site than it is to Pearce Airbase.

The particular area has previously been used by Defence for telecommunications infrastructure that is no longer required. Parcels of land adjoining the area are leased to a farmer for grazing.

Independent feasibility engineering firm AECOM found that the site was safe and suitable. The study noted that it was unlikely that PFAS could travel against the direction of groundwater flow, kilometres away uphill to the location of the Centre. The groundwater is tested by Defence on a quarterly basis.

AECOM also had access to previous environmental studies produced for the Department of Defence, including recent environmental investigations by an independent expert.

CLAIM FROM RACHELLE MILLER

Issue

What is the status of the claim from Rachelle Miller?

Headline Response

The Commonwealth takes Ms Miller's claim seriously.

The Commonwealth and Ms Miller have reached a settlement on terms agreeable to both parties in relation to this matter.

Talking Points

- The Government treats every report of bullying and harassment seriously.
- The Government ensures such claims are managed sensitively and confidentially to respect a claimant's privacy and ensure the integrity of the dispute resolution process.
- The Department of Finance (Comcover) has engaged with Ms Miller's legal representatives on behalf of the Commonwealth, in accordance with its obligations under the *Legal Services Directions 2017* (Directions).
- Throughout the process, the Commonwealth and its legal representatives have engaged promptly and regularly, noting the sensitivity and complexity of the matters involved.
- Following negotiations, the Commonwealth has reached a settlement with Ms Miller in relation to her claim linked to her employment as a parliamentary staffer.

Did the Commonwealth delay settlement?

- The parties' legal representatives engaged in discussions since Ms Miller's legal representatives initially wrote to the Commonwealth in June 2021.
- The Commonwealth received further correspondence from Ms Miller's legal representatives in December 2021 outlining the details of her claim.

- The process subsequently undertaken included a mediation discussion that was followed by a number of further communications regarding settlement terms.
- At all times, the Department of Finance (Comcover) engaged with Ms Miller's legal representatives on behalf of the Commonwealth, in accordance with its obligations under the Directions.
- The issues involved were complex and sensitive, and required extensive engagement between the Commonwealth and Ms Miller's legal representatives.
- The Commonwealth was always committed to resolving the matter promptly.

Who approved the settlement?

- The claim was reported to the Office of Legal Services Coordination in the Attorney-General's Department as significant under the Directions in September 2021.
- The Directions require that significant claims cannot be settled without the approval of the Attorney-General.
- A delegate of the Attorney-General considered this matter in accordance with the Directions and approved the settlement.

Why is the settlement not confidential?

- The terms of the settlement deed were agreed between the Commonwealth and Ms Miller.
- The Commonwealth did not seek confidentiality over the settlement sum or the terms of the settlement deed.
- The parties have agreed to preserve confidentiality over the mediation discussions between the parties.
- Maintaining confidentiality over the mediation processes is standard practice in alternative dispute resolution and broader dispute resolution processes. Maintaining this confidentiality enables all parties to negotiate freely and openly.
- The settlement deed does not prevent Ms Miller from making public statements sharing her experiences and discussing the substance of her claim.

- This is consistent with Recommendation 38 of the Respect@Work report which addressed concerns that claimants, if they wish to, should be able to share their experiences and discuss allegations.

Does the settlement include Mr Tudge and Senator Cash?

- The settlement is between Ms Miller and the Commonwealth only.
- The Department did not brief any former Commonwealth Ministers in relation to the detail of the settlement negotiations, nor did it engage with other parties during the mediation process.
- The parties acknowledge that the settlement is not an admission of liability by the Commonwealth.

Did the alleged leaks come from a Commonwealth source?

- The Commonwealth completed an examination of its information-handling processes and confidentiality arrangements.
- There is no evidence that any confidential information relating to this matter was inappropriately disclosed by the Commonwealth.

Policy Commitments

- The Government is committed to implementing the Australian Human Rights Commission, 'Respect@Work: Sexual Harassment National Inquiry Report' (2020) and 'Set the Standard: Report on the Independent Review into Commonwealth Parliamentary Workplaces' (2021).

Background

Ms Rachelle Miller was employed by the LNP as a parliamentary staffer over a number of years while they were in Government and Opposition.

On 5 November 2020, Ms Miller made a complaint to the Department of Finance alleging she was subject to bullying, harassment and discrimination during her employment with Mr Tudge and Senator Cash. This complaint was subject to an independent review by Sparke Helmore, which found there was insufficient evidence to substantiate the allegations made by Ms Miller. Ms Miller chose not to participate in the review. Ms Miller was advised of this outcome on 11 June 2021.

On 23 June 2021, Ms Miller made a number of claims to the Department of Finance, including bullying, sexual harassment and sexual discrimination, against Mr Tudge and others. Ms Miller sought damages and legal costs.

Following the release of the Jenkins report ('*Set the Standard: Report on the Independent Review into Commonwealth Parliamentary Workplaces*') on 2 December 2021, Ms Miller made a public statement alleging that her relationship with Minister Tudge was abusive. As announced by the then Prime Minister on 2 December 2021, a review into these matters was conducted by Dr Vivienne Thom AM. Ms Miller chose not to participate in the review.

The Thom Review dated 27 January 2022 concluded, in summary:

> *'…there is insufficient evidence to support a finding on the balance of probabilities that:*
>
> - *Mr Tudge bullied or harassed Ms Miller.*
> - *Ms Miller's relationship with Mr Tudge was emotionally abusive.*
> - *Mr Tudge was physically abusive to Ms Miller during a work trip to Kalgoorlie Western Australia.'*

In accordance with the *Legal Services Directions 2017*, Comcover received legal advice from senior counsel about prospects.

Based on that legal advice, the Commonwealth, through Comcover, then entered into settlement discussions with Ms Miller and a mediation took place on 16 March 2022. Settlement discussions were between the Commonwealth and Ms Miller only.

Following negotiations, the parties have reached a settlement. A settlement deed was executed on 19 July 20220.

Media leaks

In March and April 2022, there was media reporting that the previous Government had settled the claim for more than $500,000 plus costs (**Attachment A**).

s 45 [redacted]

The Department of Finance and the Attorney-General's Department conducted examinations of the Commonwealth's information-handling processes and arrangements. There is no evidence that any information in relation to this matter has been leaked from a Commonwealth source.

s 42

[redacted]

The Sydney Morning Herald

Exclusive Politics Federal Workplace culture

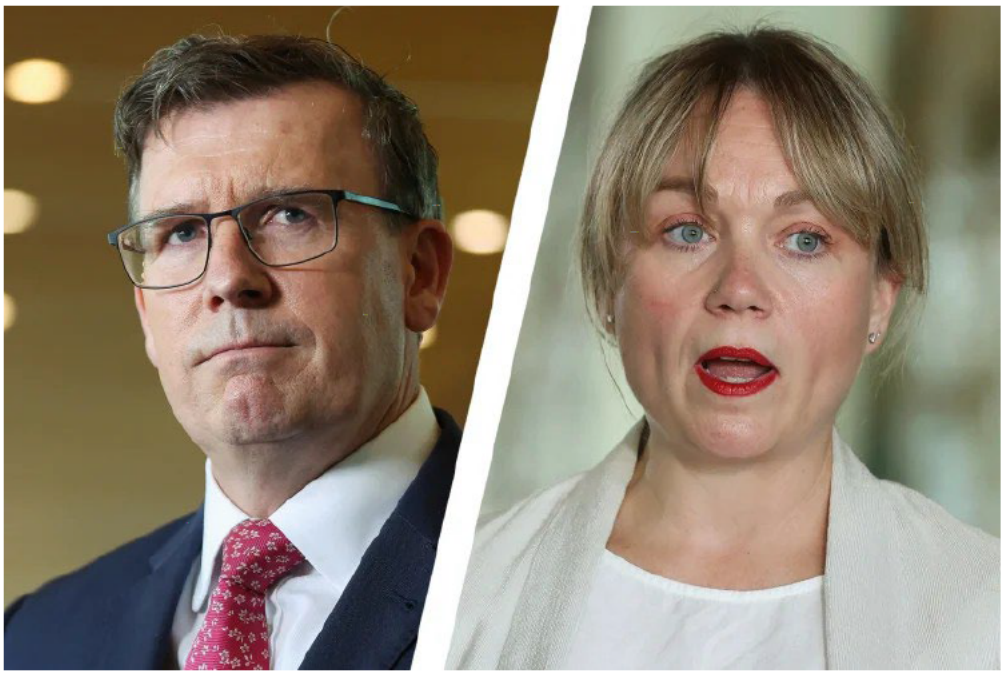
Prospective payout to Tudge's former staffer recognises 'major claim'

By Katina Curtis

April 13, 2022 — 5.30am

The six-figure settlement the government is expected to reach with a former staffer of minister Alan Tudge suggests her complaint has been recognised as a "major claim" with "a meaningful prospect of liability" under the bureaucracy's rules.

Rachelle Miller took legal action over allegations of bullying, harassment and discrimination while she was working for Tudge and cabinet colleague Michaelia Cash, who is now the attorney-general.



Alan Tudge and his former staffer Rachelle Miller. ALEX ELLINGHAUSEN

She has since gone public about her affair with Tudge, saying it was emotionally and on one occasion physically abusive. He denies those claims but stood aside from the frontbench while an independent investigation took place.

Before taking the legal action, Miller filed a workplace bullying complaint with the Department of Finance over her treatment by Tudge, alleging that he belittled and humiliated her, and a separate complaint about the process that forced her out of Cash's office.

Now Prime Minister Scott Morrison has cleared the way for Tudge – who is still technically in cabinet – to return to the ministry after the election.

The Department of Finance and Miller are in the final stages of settling the suit. The settlement figure will remain confidential but is understood to be more than $500,000.

As with the settlement the government struck with the High Court associates who had been sexually harassed by former judge Dyson Heydon, the non-disclosure agreement will only cover the amount paid, and won't prevent Miller from speaking about her experiences.

Morrison has said he had "no visibility" over the settlement.

"I can't confirm to you whether a payment has even been made," he told 5AA radio in Adelaide on Tuesday.

"But I know it's taxpayers' money, and those matters are handled by the Department of Finance at arm's length from politicians including, you know, the Special Minister of State."

The government's rules for handling legal matters say any settlement over $100,000 must be treated as a major claim. This includes seeking written independent legal advice from either the Australian Government Solicitor or an outside law firm that the settlement is in accordance with legal principle and practice.

The legal service directions also warn government departments that settling a claim "requires the existence of at least a meaningful prospect of liability being established" and the amount of a payout must consider the prospects of a claim's success in court.

"In particular, settlement is not to be effected merely because of the cost of defending what is clearly a spurious claim," the rules state.

A spokesperson for the Department of Finance said the department "has been engaging with Ms Miller's legal representatives on behalf of the Commonwealth, in accordance with its obligations under the Legal Services Directions 2017".

"The Department does not comment on the details of any individual claim," they said.

Morrison's department commissioned respected investigator Dr Vivienne Thom to examine the nature of Miller and Tudge's relationship.

Miller did not participate in the investigation on legal advice. Thom's report, released on March 4, found no evidence Tudge had broken the ministerial code of conduct at the time.

Morrison was asked on Tuesday "does money just fly out of the sky in the Finance Department" without any oversight, given he has no knowledge of the settlement with Miller.

"You're also assuming that there is any wrongdoing on Alan Tudge's part. No matter has been raised with me by the Department of Finance in relation to any of those things," Morrison said.

"We had an independent investigation by Vivienne Thom ... so the suggestion that Alan is in some way being found, you know, it's not supported by the independent inquiry."

Labor says it's not good enough for the prime minister to say he doesn't know how $500,000 is being spent.

"If Alan Tudge did nothing wrong, why was half a million dollars in taxpayers' money spent in compensation? And if Alan Tudge did do something wrong, why is he still in the cabinet?" Labor frontbencher Jason Clare said.

"This stinks."

Jacqueline Maley cuts through the noise of the federal election campaign with news, views and expert analysis. Sign up to our Australia Votes 2022 newsletter here.

Katina Curtis is a political reporter for The Sydney Morning Herald and The Age, based at Parliament House in Canberra. Connect via Twitter or email.

REGULATORY REFORM

Issue

"What is the Government doing to fulfil the Prime Minister's commitment to move quickly to revive the process of regulatory reform?"

Headline Response

The Government has established a dedicated regulatory reform and deregulation function within the Department of Finance.

Talking Points

- The Government is reviving the process of regulatory reform to drive productivity through cooperative federalism. We have established a regulatory reform and deregulation function within the Department of Finance to lead a whole-of-Government regulatory reform, including with the states.

Policy Commitments

- The Prime Minister committed to 'move quickly to revive the process of regulatory reform' to drive productivity through cooperative federalism (9 March 2022, speech to Australian Financial Review 'New Platform for Growth').

- On 17 June 2022, the Prime Minister also said "[w]e need to boost productivity. We need to return to micro-economic reform. We need to remove duplication where it's there between the Commonwealth and States and Territories."

Contact: s 22 [redacted]
Contact No: s 22 [redacted]
Division: Regulatory Reform Division
Date Updated: 10/7/2022
Date Last Printed: 12/08/2022 2:15 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6271 3853
Cleared by Adviser:
PDR Number: QB22-000100

Background

Policy responsibility for regulatory reform and the Regulatory Reform Division, including the staff of the Deregulation Taskforce, transferred from the Department of the Prime Minister and Cabinet to Finance on 1 July 2022. The formal transfer of staff into the Department of Finance will take effect on 4 August 2022.

The Regulatory Reform Division is continuing to implement the "Workplan to reduce the burden of overlapping regulations" agreed by National Cabinet on 10 December 2021 and the Council of Federal Financial Relations on 26 November 2021.

Contact: s 22 [redacted]
Contact No: s 22 [redacted]
Division: Regulatory Reform Division
Date Updated: 10/7/2022
Date Last Printed: 12/08/2022 2:15 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6271 3853
Cleared by Adviser:
PDR Number: QB22-000100

SNOWY HYDRO CURRENT ISSUES

Issue

Delays of 19 months to the Snowy 2.0 project schedule have been reported in the media.

Headline Response

Snowy Hydro is undertaking a cost and schedule review of the Snowy 2.0 project to ensure it is delivered to support the operations of the National Electricity Market in time with the necessary transmission links.

Talking Points

Snowy 2.0

- Snowy 2.0 remains a critical project to ensure sufficient energy capacity is available in the future and to secure reliable electricity for Australian consumers.
- Delays are expected to the commissioning of Snowy 2.0, consistent with those recently reported. The Government is working with Snowy Hydro to understand the extent of project delays.
- Snowy Hydro is undertaking a cost and schedule review of the project. It is expected that Snowy Hydro conclude the cost and schedule review later this year.
- Snowy Hydro and its contractor (Future Generation Joint Venture) are working through the issues impacting construction progress to ensure that the project is delivered ahead of the necessary transmission links.

Transmission

- Both HumeLink (north toward Sydney) and VNI West (south toward Melbourne) are needed to ensure certainty of electricity supply for Snowy 2.0.
- On 30 June 2022, AEMO released its 2022 Integrated System Plan (ISP), identifying both HumeLink and VNI West as urgently actionable projects.

Contact: s 22
Contact No: s 22
Division: Commercial Investments Division
Date Updated: 2/08/2022
Date Last Printed: 12/08/2022 2:15 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000102

- The optimal delivery dates included in the ISP are July 2026 for HumeLink and July 2031 for VNI West. AEMO notes that earlier delivery could provide additional resilience benefits for the market.

Energy Crisis

- Recent events including coal power station outages, high gas and coal prices and persistent wet weather have placed significant pressure on the National Electricity Market (NEM).

- Snowy Hydro plays an important role in providing on-demand electricity generation to support through NEM throughout volatile periods. During the recent energy crisis Shareholder Ministers re-iterated the Government's expectation that Snowy Hydro take all necessary actions in supporting the NEM and delivering reliable, secure and affordable energy across Australia.

- On 31 July 2022, the Australian Financial Review published an article suggesting that Snowy Hydro had contributed to, and profiteered from, the recent energy crisis, including by contributing to gas shortages (Attachment A). As a Government-owned business, Snowy Hydro is expected to operate its business in a responsible way to enhance the energy security of the NEM and help to lower prices for consumers. This includes responsibly managing its resources, including water and gas, without exacerbating shortages.

- On 29 July 2022, Snowy Hydro issued a media release rejecting claims they were to blame for recent high prices in the NEM or that they profiteered (Attachment B).

- On 14 June 2022 the AER issued a compliance notice to all electricity market generators reminding participants of their obligations under the National Energy Rules (NER). Snowy Hydro is not exempt from NER obligations. The AER compliance processes is still ongoing.

- The Australian Energy Market Operator (AEMO) has taken unprecedented steps to manage ongoing pressures, including the temporary suspension of the electricity spot market from 15 June 2022 until 24 June 2022.

- AEMO has also recently directed the curtailment of gas supply to two Snowy Hydro gas-fired generation facilities as a result of depleted gas reserves in Victoria. The Government expects Snowy Hydro to adhere to the directions issued by AEMO to maintain the security of Victoria's gas system.

The Hunter Power Project (HPP)
Election Commitment – Hydrogen Capability

- On 1 February 2022, the Prime Minister and Minister for Climate Change and Energy announced the Government's commitment for the Hunter Power Project to operate on 30 per cent green hydrogen from commissioning, with the ability to operate on 100 per cent green hydrogen in the future (Attachment C).

- The Government continues to work closely with Snowy Hydro to realise this commitment.

- Delivery of the Hunter Power Project continues to progress with significant civil works conducted to support site mobilisation.

- On 20 June 2022, Snowy Hydro announced that it had executed agreements with APA Group related to gas transport, storage and development for the project.

Policy Commitments

- The Government intends to enable and support transmission infrastructure through its Rewiring the Nation policy, which may assist in the delivery of HumeLink and VNI West.

- The Government is committed to reducing emissions by 43 per cent by 2030 and to achieving net zero emissions by 2050.

Background

Hunter Power Project

Snowy Hydro is constructing a 660 megawatt Open-Cycle Gas Turbine Power Plant in Kurri Kurri, NSW, with expected commissioning by December 2023.

The total cost of the project is $600 million, with the Government contributing the entire $600 million as equity toward the project. The total cost does not include the costs to construct the APA Group built, owned and operated gas pipeline and storage facility, which will be leased by Snowy Hydro.

The initial business case indicated an Internal Rate of Return (IRR) of 12.3 per cent.

Up to 600 new jobs will be created during the construction phase, 10 jobs during the operational phase and 1,200 indirect jobs across NSW.

On 17 December 2021, the NSW Government provided final environmental and planning approvals for the project. On 12 December 2020, the NSW Government declared the project Critical State Significant Infrastructure.

Snowy 2.0

On 9 June 2022, the Australian Financial Review and others reported that Snowy 2.0 was 19 months delayed as a result of a series of issues involving contractors and construction progress.

Snowy 2.0 is an expansion of the existing Snowy Mountains Hydro-electric scheme and is expected to:

- increase the Snowy Scheme's generation capacity by approximately 50 per cent, delivering up to 2,000 megawatts of additional renewable energy, enough to power 500,000 homes at peak demand;
- create up to 4,000 jobs across the life of the project and support many more indirect jobs, providing an economic boost to the Snowy Mountains region; and
- address the National Electricity Market's need for large-scale storage and improve the security and reliability of the system.

The Government has committed up to $1.38 billion in equity to support Snowy 2.0. The balance is funded through a mix of debt and internally generated cash flows.

The existing project scope is for first power delivery in mid-2025 with the estimated cost of the project between $5.7 and $6.2 billion. The cost of necessary transmission links is not included in this estimate.

There are almost 1,800 people currently working on Snowy 2.0.

Snowy 2.0 is subject to almost $100 million in biodiversity and environmental offsets, including two fish management programs to protect threatened species. All construction sites will be rehabilitated post project completion.

SNOWY CEO REJECTS 'ABSURD' PROFITEERING CLAIMS AMID ENERGY CRISIS

31 July 2022

Australian Financial Review

Claims that federal government-owned Snowy Hydro has in any way contributed to the energy crunch gripping the eastern states and has been profiteering from it are "absurd", said chief executive Paul Broad in his first public statement since the escalation of the crisis in June.

Mr Broad said commentary that Snowy is to blame for the recent extreme high prices in the National Electricity Market "misunderstand the cause of the energy crisis, as well as Snowy Hydro and the nature of its generation assets".

Snowy Hydro CEO Paul Broad says critics of the generator's bidding behaviour don't understand the market.

Several analysts have pointed to Snowy being among generators that withdrew capacity from the wholesale market when a cap of $300 a megawatt-hour was imposed in the wholesale market in June, apparently contributing to the Australian Energy Market Operator eventually having to suspend the NEM and seize direct control of generators to keep the lights on.

In an analysis of an AEMO quarterly report late last week, specialist online newsletter Renew Economy concludes that Snowy was making "windfall profits" through its bidding behaviour in the wholesale market and its withdrawal of capacity, and suggested money be returned to taxpayers.

But Mr Broad said Snowy's operations were limited by the availability of water and it did not have enough water to offset the "energy gap" from other electricity generators for extended periods.

"Snowy Hydro's water resources must be carefully allocated to the highest value periods in order to keep the lights on," the company said in a statement released late Friday.

"In other words, hydro generation has a high opportunity cost."

The stoush comes amid an ongoing crunch in electricity and gas supplies on the east coast, which has kept wholesale prices elevated for several months, squeezed energy retailers and hammered consumers through higher bills.

Wholesale power prices in the June quarter surged to a record of $264 a megawatt-hour across the NEM, up by $177/MWh from the March quarter and more than double the previous record high. Gas reached a record average of $28.40 a gigajoule, more than treble the average of the same quarter in 2021.

A key driver of the shortage in supplies has been numerous outages at coal-fired power stations, with outages peaking in June at 4.6 gigawatts, AEMO said. That drove up the need for gas for electricity generation, with gas-fired generation jumping 27 per cent from a year earlier to its highest for a June quarter since 2017.

AEMO's report highlights a "marked shift" in the frequency that different generation technologies set the marginal price for power in the June quarter, with coal power dropping and the biggest increase coming from hydro generation. It said hydro set prices in 47 per cent of the pricing intervals in the quarter, up from 34 per cent a year earlier, with almost all the increase due to Snowy's Tumut and Murray generators, which set the marginal price much more often than usual.

"The much greater role in marginal price setting played by hydro may reflect more flexible 'opportunity cost'-based pricing of underlying water reserves whereas gas-fired generation offer pricing is more constrained by actual fuel costs," AEMO said.

Snowy's Colongra gas-fired generator in NSW also ran at record levels in the June quarter, while its Laverton and Valley Power gas plants in Victoria had their highest operations since 2007.

The gas plants are understood to have been affected more recently by AEMO's crackdown on the use of gas from the transmission system in Victoria as the market operator responds to a state government request to take action to preserve minimum gas reserve levels. AEMO on July 20 ordered two gas plants to curtail operations to prevent a further run-down in gas storage levels at the Iona underground plant in Victoria.

Credit Suisse energy analyst Saul Kavonic blamed Snowy "sucking gas off the spot market" as the next biggest driver of the spike in east coast gas prices after the failure of retailer Weston Energy, and suggested the company has "some responsibility ... to secure gas volumes rather than cause these kinds of imbalances at short notice, resulting in gas shortages elsewhere".

Snowy has declined to comment on its gas plants.

Meanwhile, AEMO ended the price cap of $40/GJ in the Victorian wholesale gas market that had contributed to the run on spot gas in the state. It said the running cumulative price for gas had fallen below the level that triggered the cap, which had been in place since May 30.

The latest development comes ahead of the next report by the competition watchdog into east coast gas, which is expected to be used by the federal government as ammunition to tighten regulation on the three Queensland LNG export projects.

Mr Kavonic said he anticipated the Australian Domestic Gas Security Mechanism, the policy tool that allows the government to control LNG exports, could be modified to include a trigger based on price rather than volume, and to include a shorter notice requirement before it can be imposed.

SNOWY HYDRO'S ENERGY CRISIS RESPONSE

29 July 2022

As the energy crisis in the National Electricity Market (NEM) continues to unfold, Snowy Hydro is being called on more than ever to keep the lights on and prices down. Snowy's role as the NEM's 'insurance policy', providing on-demand energy generation during the crisis, has significantly impacted our business and financial position.

CEO and Managing Director Paul Broad said Snowy Hydro strongly rejected commentary suggesting it is to blame for recent high prices in the NEM.

"These comments misunderstand the cause of the energy crisis, as well as Snowy Hydro and the nature of its generation assets," he said.

Snowy Hydro is a relatively small supplier of energy owing to the fact that its principal source of fuel (water) is limited. In most years Snowy Hydro supplies between 2-4% of the total energy generated in the NEM, operating at critical times of peak demand and when there are unplanned baseload outages.

The current crisis has arisen due to shortfalls from suppliers of bulk energy, including coal, wind and solar. To help manage this shortfall, Snowy Hydro has operated its assets at record levels, effectively as a baseload generator.

"To blame high prices on Snowy Hydro for stepping into the void left by bulk energy providers is absurd," Mr Broad said.

"Were it not for the actions of Snowy, prices would have been significantly higher. Our teams have worked tirelessly and closely with AEMO, the market operator, throughout this challenging period.

"In May this year, generation from the Snowy Scheme was almost double the previous monthly record. This was essential for maintaining security of supply in the NEM, but it is not sustainable.

"Snowy's ability to operate in this manner is constrained by its fuel scarcity - we don't have enough water to manage the 'energy gap' from other generators for extended periods," Mr Broad said.

Snowy Hydro's water resources must be carefully allocated to the highest value periods in order to keep the lights on. In other words, hydro generation has a high opportunity cost.

It is wrong to suggest that high prices could have been avoided, or that Snowy Hydro should have offered its generation at lower prices. Doing so would have caused our hydro assets to be dispatched ahead of other forms of generation with a cheaper cost of fuel. Not only would this not have made economic sense, it would have left the company unable to respond to critical demand peaks this winter and summer, further increasing the risk of blackouts.

The implication that Snowy Hydro enjoyed a financial windfall as a consequence of the crisis is also inaccurate. Most energy dispatched in the NEM is pre-sold to customers under short or long-term contracts. This is essential for stabilising the cash flow of generators and retailers and is part of the

market design. It also means that a narrow focus on price outcomes in the NEM reveals little about generator profitability.

The steps taken by Snowy Hydro to help keep the lights on - depleting its reserves of available water - have in fact been detrimental to the company's financial and risk position. Snowy Hydro rejects any suggestion it has been 'profiteering' from the crisis, or has in any way exacerbated it.

Snowy Hydro will remain focused on ensuring security of supply for the NEM during this challenging period.

Contact: s 22
Contact No: s 22
Division: Commercial Investments Division
Date Updated: 2/08/2022
Date Last Printed: 12/08/2022 2:15 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000102

ATTACHMENT C

MEDIA RELEASE - LABOR WILL ENSURE CERTAINTY FOR KURRI KURRI

1 February 2022

The Hon Anthony Albanese MP, The Hon Chris Bowen MP, Meryl Swanson MP

An Albanese Labor Government will ensure the future of the Kurri Kurri power station, and provide more secure jobs for its workers. Labor welcomes any investment in the Hunter, and is committed to affordable, reliable power. But Scott Morrison is risking taxpayers' money on a gas plant that experts say will become stranded in an increasingly renewable energy system.

The Government's hand-picked Chair of the Energy Security Board said their gas plant "doesn't stack up, because it's expensive power".

That's why Labor will work with Snowy Hydro Limited to ensure the power plant at Kurri Kurri can transition to green hydrogen – guaranteeing a role for the station and its workers as well as affordable and reliable power for decades to come.

In the first instance, a Labor Government would ask Snowy Hydro Limited to operate the plant on 30 per cent green hydrogen – a commitment which the current Government admits is possible but will not make.

Labor would also ensure Snowy upgrades the plant to 100 per cent green hydrogen as soon as possible. Upgrading the plant to green hydrogen this decade, in line with private sector projects, will mean more secure jobs for its workers. Labor's proposal will ensure investment in the Hunter – guaranteeing the region will power Australia well into the future.

A future green hydrogen plant would underwrite demand for the fuel in the Hunter, helping the region to become a hydrogen hub for Australia and the world. A boost to green hydrogen demand means a boost to renewables like solar and wind, which are needed to create green hydrogen.

There are existing proposals for green hydrogen production in the Hunter, and substantial space for renewables at Snowy's Kurri Kurri site.

And Labor's proposal is consistent with net zero emissions by 2050, as well as our commitment to 43 per cent emissions reductions by 2030. Labor will work with Snowy Hydro Limited and experts on the details of this commitment, and make an additional equity injection to deliver the final project. This is the same approach adopted by the Government.

Labor will also work with Snowy on the mismanagement and delays that have already begun to plague the project under the Morrison-Joyce Government. This investment is part of Labor's Powering Australia plan to create jobs, cut bills and reduce emissions.

Contact: s 22
Contact No: s 22
Division: Commercial Investments Division
Date Updated: 2/08/2022
Date Last Printed: 12/08/2022 2:15 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000102

SUPERANNUATION SALARY - RENT FREE HOUSING

Issue

Why is the Government retrospectively removing the value of rent-free housing from the calculation of default superannuation salary for Commonwealth employees?

Headline Response

The Bill will ensure that the superannuation entitlements of Commonwealth employees remain as they were understood, by Commonwealth employees and employers, over a long period prior to the commencement of a claim that is before the Federal Court.

Talking Points

- The Public Sector Salary Legislation Amendment Bill 2022 will ensure that the superannuation entitlements of Commonwealth employees remain as they have been understood, by Commonwealth employees and employers, over a long period.
- The Government has taken this step in response to a Federal Court case that has exposed differing views on the operation of 5(e).
  - Paragraph 5(e) of *the Superannuation (Salary) Regulations* was prospectively repealed from 1 March 2022 by the former Government.
- One interpretation of the Federal Court case could have widespread, significant, unintended and inequitable financial ramifications for Commonwealth employees and the Commonwealth, including:
  - some Commonwealth employees could receive significant windfall increases in superannuation benefits that are well beyond community standards (in some cases in the millions of dollars) only because they have received rent-free housing;
  - a small cohort of Commonwealth employees could incur large, unexpected debts for unpaid member contributions in return for little or no increase in their superannuation benefits; and

  - the Commonwealth could incur significant additional costs to meet increased superannuation benefits and additional employer contributions.

- The Bill protects against these potential unintended outcomes and ensures that the entitlements of Commonwealth employees remain fair and reasonable and, importantly, that they continue to represent a responsible use of taxpayers' money.
- The Bill retrospectively removes the value of rent-free housing from the *Superannuation (Salary) Regulations* from 1 July 1986, being the date when the operation of those Regulations could first have given rise to unintended impacts.
  - From 1 July 1986 the value of rent-free housing ceased being taxable income of an employee with the introduction of the Fringe Benefits Tax.
- The Bill will regularise the long-standing practice of employers and employees and effectively restore the position with respect to rent-free housing that existed before the claim being raised in the Federal Court.
- The retrospective repeal will not apply to Commonwealth employees, if any, with a default superannuation salary that explicitly included the value of rent-free housing provided to them from 1 July 1986 to 28 February 2022, as evidenced by contributions having been paid on that basis.
- Removing the value of rent-free housing from superannuation salary will ensure that the superannuation entitlements of current and former Commonwealth employees remain fair and reasonable and represent a responsible use of taxpayer's money.
- If the value of rent-free housing was required to be included in superannuation salary it would result in significantly different financial outcomes between employees with otherwise similar circumstances. Such differences could range from significant windfall gains to unexpected debts.

If asked whether the legislation will apply to the applicants in the Peace case if they are successful in their Federal Court case

- Yes the retrospective repeal of the value of rent-free housing from default superannuation salary will apply to the applicants in the Peace case if they are successful with their legal claim.
- As evidenced by the Commonwealth defending the legal action, there was never any intention that the value of rent-free housing be included in the calculation of their superannuation salary.

If asked whether the Bill is constitutionally valid

- Based on the best legal advice it is considered that the Bill when enacted will be a valid law of the Commonwealth. The constitutional validity of a law is a matter for the High Court.

Policy Commitments

- N/A

Background

Brendan Peace & Ors v Commonwealth of Australia & Anor

Three Department of Foreign Affairs and Trade employees are claiming that the Commonwealth failed to make superannuation contributions in respect of the value of housing provided to them during their overseas posting, as they allege was required by the former regulation 5(e) of the *Superannuation (CSS) Salary Regulations 1978* (the Regulations).

Disagreements have arisen between Commonwealth employers and some employees over whether accommodation provided in certain circumstances constitutes rent-free housing within the meaning of the (former) Regulations and is, therefore, superannuable.

Superannuation Salary in the Commonwealth Superannuation Schemes

The Regulations prescribe a 'default' superannuation salary for employees who are members of the Commonwealth superannuation schemes. The 'default' superannuation salary includes certain recognised allowances including, until 1 March 2022, the value of rent-free use of housing (refer to Attachment A).

The *Superannuation (CSS) Salary Amendment (Housing Allowance and Rent-free Housing) Regulations 2022* (Attachment B) removed the value of rent-free housing (paragraph 5(e) of the *Superannuation (Salary) Regulations*) from default superannuation salary prospectively from 1 March 2022.

As the Bill will retrospectively repeal paragraph 5(e) from 1 July 1986 this will override the initial, later repeal date of 1 March 2022.

The *Superannuation (Salary) Regulations* over time have been renamed with their current name being the *Superannuation (CSS) Salary Regulations 1978*.

A copy of the Minister for Finance's Media Release of 2 August 2022 announcing that the Bill would be introduced on 3 August 2022 is at Attachment C.

ATTACHMENT A

EXTRACT FROM THE SUPERANNUATION (CSS) SALARY REGULATIONS 1978 – former regulation 5(e)

Former regulation 5(e) – Rent-free Housing

- Each of the following kinds of allowance is a kind of allowance that is to be treated as salary for the purposes of the Act:

  (e) the rent-free use by an eligible employee of premises or quarters made available to him by reason that he holds a particular office or performs particular duties or work.

ATTACHMENT B

Superannuation (CSS) Salary Amendment (Housing Allowance and Rent-free Housing) Regulations 2022

I, General the Honourable David Hurley AC DSC (Retd), Governor-General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following regulations.

Dated 17 February 2022

David Hurley
Governor-General

By His Excellency's Command

Simon Birmingham
Minister for Finance

Contents

1 Name

This instrument is the *Superannuation (CSS) Salary Amendment (Housing Allowance and Rent-free Housing) Regulations 2022*.

2 Commencement

(1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information

Column 1	Column 2	Column 3
Provisions	**Commencement**	**Date/Details**
1. The whole of this instrument	1 March 2022.	1 March 2022

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

(2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

This instrument is made under the *Superannuation Act 1976*.

4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1—Amendments

Superannuation (CSS) Salary Regulations 1978

1 Subregulation 3(1)

Repeal the subregulation, substitute:

(1) In these regulations:

Act means the *Superannuation Act 1976*.

housing allowance: see subregulation 8AA(3).

2 Paragraphs 5(d) and (e)

Repeal the paragraphs.

3 At the end of Part 2

Add:

8AA Housing allowance

(1) This regulation is made for the purposes of subsection 5(1) of the Act.

(2) Any part of the salary or wages of an eligible employee that consists of a housing allowance is not to be treated as salary for the purposes of the Act.

(3) A ***housing allowance*** is an allowance that is payable to an eligible employee in respect of housing, quarters or other accommodation.

Note: For rent-free housing, see regulation 24.

4 At the end of Part 5

Add:

24 Rent-free housing

(1) This regulation is made for the purposes of subsection 5(1) of the Act.

(2) Any part of the salary or wages of an eligible employee that consists of the value of the rent-free use by the eligible employee of housing, quarters or other accommodation is not to be treated as salary for the purposes of the Act.

Note: A non-monetary benefit is not salary or wages for the purposes of the Act unless it is an allowance of a kind that, under regulations made for the purposes of subsection 5(1) of the Act, is to be treated as salary.

EXPLANATORY STATEMENT

Issued by authority of the Minister for Finance

Superannuation Act 1976

Superannuation (CSS) Salary Amendment (Housing Allowance and Rent-free Housing) Regulations 2022 made pursuant to subsection 168(1) of the Superannuation Act 1976.

The *Superannuation Act 1976* (the Act) established the Commonwealth Superannuation Scheme (CSS) to provide retirement benefits for Commonwealth employees and office holders. The CSS is managed by the Commonwealth Superannuation Corporation (CSC), the corporate trustee and administrator of the scheme.

Subsection 168(1) of the Act provides that the Governor-General may make regulations, not inconsistent with the Act, prescribing matters that are required or permitted by the Act to be prescribed, or that are necessary or convenient to be prescribed for carrying out or giving effect to the Act.

Subsection 5(1) of the Act broadly prescribes a default salary, which applies unless certain circumstances apply, including where an employee and their employer have agreed that a different annual rate of salary will be the employee's annual rate of salary (alternative salary) for the purposes of the Act. The default salary includes:

- salary or wages (within the ordinary meaning); and
- any allowance, or the value of any allowance, or any fee, that is an allowance or fee of a kind that, under the Regulations, is to be treated as salary for the purpose of the Act

excluding any part of salary or wages that the Regulations specify is not to be treated as salary for the purposes of the Act.

The *Superannuation (CSS) Salary Regulations 1978* (the Regulations), made pursuant to subsection 168(1) of the Act, specify those parts of salary or wages that are not to be treated as salary, and the kinds of allowances that are to be treated as salary for the purposes of the default definition under the Act. The kinds of allowances that are automatically treated as salary include:

- an allowance that is payable to an eligible employee in respect of housing or quarters while the employee holds a particular office or performs particular duties or work (housing allowance); and
- the rent-free use by an eligible employee of premises or quarters made available to them by reason that they hold a particular office or perform particular duties or work (rent-free housing).

The default definition of salary for the CSS flows through to the Public Sector Superannuation Scheme (PSS), established by the *Superannuation Act 1990* and the PSS Trust Deed, and the Public Sector Superannuation Accumulation Plan (PSSAP), established by the *Superannuation Act 2005* and the PSSAP Trust Deed.

Superannuation (CSS) Salary Amendment (Housing Allowance and Rent-free Housing) Regulations 2022

The purpose of the *Superannuation (CSS) Salary Amendment (Housing Allowance and Rent-free Housing) Regulations 2022* (the Amending Regulations) is to amend the Regulations so that the default definition of salary for the purposes of the Act will not include housing allowance or rent-free housing.

Changes are being made to the Regulations as some confusion has arisen regarding the concept of rent-free housing in particular. This has resulted in disagreements between Commonwealth employers and employees over whether accommodation provided in certain instances constitutes rent-free housing within the meaning of the Regulations and is, therefore, superannuable.

The Amending Regulations provide certainty in the future by excluding rent-free housing from the default definition of salary for the purposes of the Act. The change is also consistent with contemporary remuneration practices and community expectations.

For consistency, the Amending Regulations make similar changes to the treatment of housing allowance.

Further details on the Amending Regulations are set out in Attachment A.

CSC Approval

Subsection 168(13) of the Act requires CSC to consent to amendments to the Regulations except in certain circumstances. These circumstances include where the amendments relate to a payment by the Commonwealth as the employer-sponsor of the CSS. The amendments contained in the Amending Regulations relate to such a payment. Accordingly CSC consent to the Amending Regulations is not required.

Legislation Act 2003

The Amending Regulations are a legislative instrument and are subject to disallowance in accordance with section 42 of the *Legislation Act 2003*.

Consultation

Section 17 of the *Legislation Act 2003* specifies that rule-makers should consult before making legislative instruments.

CSC has been consulted in relation to the commencement of the Amending Regulations.

The Office of Best Practice Regulation was consulted on the arrangements in the Amending Regulations. A Regulation Impact Statement was not prepared, as the Amending Regulations are unlikely to have more than a minor regulatory impact (OBPR21-01144).

Commencement

The Amending Regulations commence on 1 March 2022.

Statement of Compatibility with Human Rights

A Statement of Compatibility with Human Rights is at Attachment B.

ATTACHMENT A

DETAILS OF THE SUPERANNUATION (CSS) SALARY AMENDMENT (HOUSING ALLOWANCE AND RENT-FREE HOUSING) REGULATIONS 2022

Name

1. **Section 1** provides that the name of the instrument is the *Superannuation (CSS) Salary Amendment (Housing Allowance and Rent-free Housing) Regulations 2022*.

Commencement

2. **Section 2** provides for commencement of the Amending Regulations. The item in the table in subsection 2(1) provides for commencement of the whole of the Amending Regulations on 1 March 2022. The note at the end of the table in subsection 2(1) clarifies that the table relates only to provisions of the instrument as originally made, and will not be amended to deal with any later amendments of the instrument. Subsection 2(2) provides that the information in column 3 of the table is not part of the instrument.

Authority

3. **Section 3** provides that the Amending Regulations are made under the *Superannuation Act 1976* (the Act).

Schedules

4. **Section 4** provides that each instrument specified in a Schedule to the instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to the instrument has effect according to its terms.

Schedule 1—Amendments

Superannuation (CSS) Salary Regulations 1978

5. Regulation 3 of the Regulations, comprising subregulations 3(1) and 3(2), deals with the interpretation of terms used in the Regulations. Subregulation 3(1) defines a term that is used throughout the Regulations whereas subregulation 3(2) defines a term that is used in Part 4 (employees on leave of absence) and Part 5 (miscellaneous). **Item 1 of Schedule 1** replaces subregulation 3(1) with an updated provision that defines the additional term "housing allowance" by referring the reader to new subregulation 8AA(3), inserted by Item 3 of Schedule 1 to the Amending Regulations.

6. Regulation 5 specifies the kinds of allowances that are treated as salary under subsection 5(1) of the Act (which applies to determine an eligible employee's annual rate of salary unless one of the exceptions applies, such as when the employee and their designated employer have agreed to an alternative salary under subsection 5(3AA) of the Act). **Item 2 of Schedule 1** repeals paragraphs 5(d) and 5(e) of regulation 5, so that, from commencement of the Amending Regulations, the kinds of allowances that are treated as salary under the default definition of salary will no longer include:

- an allowance that is payable to an eligible employee in respect of housing or quarters while the employee holds a particular office or performs particular duties or work (paragraph 5(d)); or
- the rent-free use by an eligible employee of premises or quarters made available to them

by reason that they hold a particular office or perform particular duties or work (paragraph 5(e)).

7. The treatment of housing allowance and rent-free housing as salary for superannuation purposes was a practice at the time that the Regulations were made in 1978, however, it does not reflect contemporary remuneration practice or current community expectations. At the time, the allowances were provided to employees in limited cases where they were regarded as a permanent addition to remuneration. The allowances were superannuable as it was considered appropriate for the recipient's retirement benefit to take account of allowances of a permanent nature.

8. The Regulations are being amended as some confusion has arisen regarding the concept of rent-free housing, as evidenced by recent disagreements between Commonwealth employers and employees over whether accommodation provided in specific cases constitutes rent-free housing within the meaning of the Regulations.

9. The Amending Regulations provide certainty to employers and employees in future by excluding rent-free housing from the default definition of salary for the purposes of the Act. For consistency, the Amending Regulations make similar changes to the treatment of housing allowance.

10. **Item 3 of Schedule 1** of the Amending Regulations inserts a new regulation 8AA, dealing with housing allowance, at the end of Part 2 of the Regulations.

11. New subregulation 8AA(1) specifies that the regulation is made for the purposes of subsection 5(1) of the Act, which defines default salary.

12. New subregulation 8AA(2) specifies that any part of the salary or wages of an eligible employee that consists of a housing allowance is not to be treated as salary for the purposes of the Act. Subregulation 8AA(2) is included for the purposes of avoiding doubt as, in some circumstances, there can be uncertainty about whether an allowance paid as a regular cash payment comes within the ordinary meaning of "salary or wages", which forms part of default salary under the Act.

13. New subregulation 8AA(3) defines "housing allowance" as an allowance that is payable to an eligible employee in respect of housing, quarters or other accommodation. The wording of subregulation 8AA(3) makes it clear that an allowance paid to an eligible employee for any form of housing is not treated as default salary for the purposes of the Act. This treatment applies irrespective of, for example, the employee's office, duties or work. The note following subregulation 8AA(3) refers the reader to new regulation 24, inserted by Item 4 of Schedule 1, which deals with rent-free housing.

14. **Item 4 of Schedule 1** of the Amending Regulations inserts new regulation 24 at the end of Part 5, which deals with miscellaneous matters. New regulation 24 concerns rent-free housing and has been included to provide certainty regarding the treatment of the benefit.

15. New sub-regulation 24(1) specifies that the regulation is made for the purposes of subsection 5(1) of the Act, which sets out the default definition of salary.

16. New subregulation 24(2) specifies that the value of rent-free housing of any type is not to be treated as salary for the purposes of the default definition of salary. The note following subregulation 24(2) observes that, in any case, non-monetary benefits are not salary or wages for the purposes of the default definition unless the regulations prescribe that they are to be

treated as salary.

17. Notwithstanding the amendments made by Schedule 1, an employer and employee will continue to be able to agree an alternative superannuation salary in respect of the employee.

ATTACHMENT B

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Superannuation (CSS) Salary Amendment (Housing Allowance and Rent-free Housing) Regulations 2022

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

The purpose of the *Superannuation (CSS) Salary Amendment (Housing Allowance and Rent-free Housing) Regulations 2022* (the Amending Regulations) is to amend the *Superannuation (CSS) Salary Regulations 1978* (the Regulations) so that housing allowance and rent-free housing are no longer treated as salary and, therefore, superannuable for the purposes of the default definition in the *Superannuation Act 1976* (the Act).

Changes are being made to the Regulations as some confusion has arisen regarding the concept of rent-free housing, resulting in disagreements between Commonwealth employers and employees over whether accommodation provided in certain instances constitutes rent-free housing within the meaning of the Regulations and is, therefore, superannuable.

The Amending Regulations provide certainty in the future by excluding rent-free housing from the default definition of salary for the purposes of the Act. This change is also consistent with contemporary remuneration practice and community expectations.

For consistency, the Amending Regulations make similar changes to the treatment of housing allowance.

Human rights implications

This Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.

Senator the Hon Simon Birmingham, Minister for Finance

ATTACHMENT C

SENATOR THE HON KATY GALLAGHER

Minister for Finance

Minister for the Public Service

Minister for Women

MEDIA RELEASE

Public Sector Superannuation Salary Legislation Amendment Bill 2022

2 August 2022

Tomorrow the Government will introduce the Public Sector Superannuation Salary Legislation Amendment Bill 2022 (the Bill) to ensure that the superannuation entitlements of Commonwealth employees remain as they have been understood, by Commonwealth employees and employers, over a long period.

The Bill does this by retrospectively repealing paragraph 5(e) of the *Superannuation (Salary) Regulations*, which included the value of rent-free housing in the default superannuation salary of Commonwealth employees in particular circumstances, with effect from 1 July 1986.

The Government has taken this step in response to a Federal Court case that has exposed differing views on the operation of 5(e). One interpretation could have widespread, significant, unintended and inequitable financial ramifications for Commonwealth employees and the Commonwealth, including:

- some Commonwealth employees could receive significant windfall increases in superannuation benefits that are well beyond community

standards (in some cases in the millions of dollars) only because they have received rent-free housing;

- a small cohort of Commonwealth employees could incur large, unexpected debts for unpaid member contributions in return for little or no increase in their superannuation benefits; and
- the Commonwealth could incur significant additional costs to meet increased superannuation benefits and additional employer contributions.

The Bill protects against these potential unintended outcomes and ensures that the entitlements of Commonwealth employees remain fair and reasonable and, importantly, that they continue to represent a responsible use of taxpayers' money.

The retrospective repeal will not apply to Commonwealth employees, if any, with a default superannuation salary that explicitly included the value of rent-free housing provided to them from 1 July 1986 to 28 February 2022, as evidenced by contributions having been paid on that basis.

The Bill is the most effective way of protecting against the unintended, and inequitable consequential impacts of a potential judgment that reverses long standing practice. The Bill follows the prospective repeal of paragraph 5(e) of the Regulations that commenced from 1 March 2022 by the former Government.

Media contact: Pat Cronan 0432 758 224 | Gallagher.Media@finance.gov.au

ELECTION COMMITMENT – AUDIT OF WASTEFUL SPENDING

Issue

This Government is committed to reducing waste and rorts.

Headline Response

The Government is undertaking an Audit of Wasteful Spending as a priority for the October 2022-23 Budget, to repair the budget and improve the quality of Commonwealth spending.

Talking Points

- The Audit of Wasteful Spending is a key priority of the Government.
- With the current economic and budget challenges, it is vital to look at where we can find opportunities to relieve some of these challenges and work towards repairing the budget.
  - This means prioritising investments that achieve the maximum economic benefit and expand the productive capacity of the economy so it can grow faster than debt.
  - It also means stopping wasteful spending that is not delivering the right outcomes for the Australian people, and reprioritising this spending towards more responsible and productive purposes.
- The Audit will go through the Budget line by line and make sure that all spending is backed by a strong business case and is as productive as possible in delivering its intended outcomes.
- This will involve making a tough set of decisions, to ensure that Government spending is delivering better outcomes for the population and delivering an economic benefit toward budget repair.

Contact: Hew Atkin
Contact No: (02) 6215 3038
Division: Budget Policy and Coordination
Date Updated: 07/07/2022
Date Last Printed: 12/08/2022 2:16 PM

Cleared by: Cath Patterson
Contact No: (02) 6215 2566
Cleared by Adviser:
PDR Number: QB22-000104

WASTEFUL SPENDING

Policy Commitments

- As part of *Labor's Plan for a Better Future*, the Government committed to an audit of wasteful spending within the first year following the election, to identify opportunities to repair the budget and improve the quality of Commonwealth spending. This audit is to be undertaken by Finance and the Treasury.

- As part of *Labor's Plan for a Better Future*, the Government also committed to reducing $350 million of uncommitted funding in the Community Development Grants Program and returning the $400 million Regionalisation Fund to the budget.

Contact: Hew Atkin
Contact No: (02) 6215 3038
Division: Budget Policy and Coordination
Date Updated: 07/07/2022
Date Last Printed: 12/08/2022 2:16 PM

Cleared by: Cath Patterson
Contact No: (02) 6215 2566
Cleared by Adviser:
PDR Number: QB22-000104

WASTEFUL SPENDING

Background

On 23 June 2022, the Prime Minister noted in an interview on the ABC 7.30 Report that “the theme [of the first Budget] will be one, getting rid of some of the waste and the rorts that are in the Budget and secondly as well, fulfilling Labor’s commitments that we made at the election”.

On 8 June 2022, in an interview on ABC News Breakfast, the Finance Minister said “I'm working pretty hard every day on looking at spending, looking at spending that's built into the Budget, looking at wasteful spending, getting rid of some of the rorts that we've seen over the past decade that have really been embedded and ingrained into the Budget and we are looking right through it, line by line, where we can reallocate, where there's spending that's not delivering the right outcome, where we can reprioritise, where we ask agencies to have a look at programs they don't think are working and where that spending can be reallocated.”

On 1 June 2022, the Treasurer noted in relation to the Audit that “the work has begun with Treasury, and Finance and with Katy Gallagher” and that “the rorts and waste audit will be an opportunity for us to direct money from unproductive political purposes into more productive economic purposes”.

On 29 May 2022, The Prime Minister noted in an interview with Sky News that “one of the things that Jim and Katy have started on already, is the audit that will be conducted by Treasury and Finance” and that the audit would search for waste “line by line”.

Contact: Hew Atkin
Contact No: (02) 6215 3038
Division: Budget Policy and Coordination
Date Updated: 07/07/2022
Date Last Printed: 12/08/2022 2:16 PM

Cleared by: Cath Patterson
Contact No: (02) 6215 2566
Cleared by Adviser:
PDR Number: QB22-000104

AUSTRALIAN NAVAL INFRASTRUCTURE (ANI) CURRENT ISSUES

Issue

What is the role of Australian Naval Infrastructure Pty Ltd (ANI) now that construction on the Attack Class Shipyard has been suspended?

Headline Response

ANI continues to facilitate the development and construction of new surface ship infrastructure at the Osborne Precinct in Adelaide, and is in the planning stages to deliver a large-vessel dry berth in Henderson, WA.

Talking Points

Osborne North

- Following the AUKUS announcement, ANI completed the Combat System Physical Integration Facility and other minor works, with the remainder of the site works being discontinued, made safe and preserved for potential future use.
- Together, ANI and the Commonwealth will examine which parts of the completed works can be repurposed for a nuclear-powered submarine construction yard.
  - A final decision on the location of the nuclear-powered submarine construction yard will be made in due course.
- ANI has spent approximately $470 million on the Future Submarine Construction Yard.
- ANI has secured a lease over additional land in Adelaide to support a potential site for the construction of nuclear-powered submarines, including land adjacent to the existing Osborne North Shipyard.
  - Funding will be met from the existing resources of the Department of Defence.

Contact: Sacha De Re
Contact No: (02) 6215 2643
Division: Commercial Investments Division
Date Updated: 14/07/2022
Date Last Printed: 12/08/2022 2:17 PM

Cleared by: Andrew Jaggers
Contact No: (02) 6215 3853
Cleared by Adviser:
PDR Number: QB22-000105

Osborne South

- ANI is completing the modernisation of existing shipyard infrastructure progressively through to 2023 and is prioritising further investment at Osborne South to support sovereign naval shipbuilding.

- ANI has handed over new facilities at Osborne South to the tenant, BAE Systems Maritime Australia (previously trading as ASC Shipbuilding), to support the Hunter Class program.

Additional infrastructure at Henderson, WA

- ANI is working with the Department of Defence and the Western Australian Government to progress planning for the delivery of Western Australia's first large-vessel dry berth.

- The new berth is expected to enable the construction and sustainment of large naval vessels and support a strong commercial shipbuilding and sustainment market in Western Australia.

Policy Commitments

- The Government has committed to the acquisition of nuclear-powered submarines under the AUKUS trilateral security partnership.

- There is no plan to privatise ANI.

Background

ANI establishment

ANI was established on 26 March 2017, following the announcement of 11 October 2016 that the ASC Group would be structurally separated into three separate companies.

ANI has been classified as a Public Non-financial Corporation by the Australian Bureau of Statistics and was prescribed as a Government Business Enterprise on 1 July 2017.

ANI holds shipbuilding and infrastructure assets at Osborne SA to support current and future shipbuilding and submarine programs.

The development of the Osborne South Shipyard commenced in August 2017, and of the Osborne North Shipyard for the Attack Class submarine in 2018.

The most recent Budget measure relating to ANI is at Attachment A.

AUKUS announcement

On 16 September 2021, the previous Government announced that Australia would acquire at least eight nuclear-powered submarines drawing on decades of experience from the US and UK.

Australia's strategic environment has deteriorated more rapidly than anticipated at the time of the *2016 Defence White Paper*. As outlined in the *Defence Strategic Update* in July 2020:

- military modernisation is occurring at an unprecedented rate;
- capabilities are rapidly advancing and their reach expanding; and
- the technological edge enjoyed by Australia and our allies is narrowing.

The Department of Defence has established a Nuclear-Powered Submarine Taskforce to work closely with the UK and US over an 18 month period.

The Taskforce will leverage technology, capability and design expertise from the UK and US to identify the optimal pathway to deliver at least eight nuclear-powered submarines for Australia.

2022-23 BUDGET

Page 41

Defence

Large Vessel Infrastructure and Submarine Basing

Payments ($m)

	2021-22	2022-23	2023-24	2024-25	2025-26
Department of Defence	-	-	-	-	-
Department of Finance	-	-	-	-	-
Total – Payments	-	-	-	-	-

The Government will invest up to $4.3 billion to deliver Western Australia's first large-vessel dry berth, which will support the construction and sustainment of naval vessels in Australia and support a stronger commercial shipbuilding and sustainment industry in Western Australia.

Funding for expenses associated with this investment, to be delivered via a Commonwealth-led funding and delivery model, is provisioned within the Defence *Integrated Investment Program*. Funding for preliminary capability development activities has already been provided for by the Government.

The Government has committed to building a new submarine base on the east coast of Australia to support Australia's future nuclear-powered submarines and has identified Brisbane, Newcastle and Port Kembla as the preferred sites.

The Department of Defence will engage with state and local governments to determine the optimal site, informed by the work of the Nuclear-Powered Submarine Taskforce.

The Government is also taking steps to secure additional land in Adelaide on which to build the Nuclear-Powered Submarine Construction Yard, in particular land adjacent to the existing Osborne North Shipyard.

JUDGES PENSIONS' SCHEME

Issue

Will the Government close the Judges' Pensions Scheme to new federal Judges?

Headline Response

The Government is managing a range of Budget pressures. We inherited a budget with a trillion dollars of debt.

It is noted that there were no changes made to the Judges' Pensions Scheme by previous Governments.

The Government will keep an open mind to all Budget pressures, including those related to the Judges Pension Scheme.

Talking Points

- Not all federal Judges receive a defined benefit pension on retirement. For example, lump sum benefits are generally payable to Judges in the Scheme who have served less than six years, and to Division 2 Judges of the Federal Circuit and Family Court on their retirement.
- I note that previous Governments did not legislate to close the Judges Pension Scheme and that most of the States continue to provide defined benefit pension schemes to their Judges.
- The Judges' Pensions Scheme and the Governors-General Pension Scheme remain the only government defined benefit superannuation schemes that have not been closed to new members.
- In terms of cost, the two schemes are relatively small compared to the other government defined benefit schemes, which have been closed for over a decade.
- We have inherited a budget under significant pressure, with deficits as far as the eye can see and a trillion dollars of debt. We'll be looking at any sensible ideas for budget repair.

Contact: Scott Dilley
Contact No: (02) 6215 2811
Division: Governance
Date Updated: 15/07/2022
Date Last Printed: 12/08/2022 2:17 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:
PDR Number: QB22-000106

Policy Commitments

N/A.

Background

Media report

On 14 July 2022, The Sydney Morning Herald newspaper (Attachment A refers) reported that the closure of the Judges' Pension Scheme to new members would save taxpayers $400 million over the next decade with savings to 'rapidly accelerate' from 2031-32, based on a Parliamentary Budget Office (PBO) costing provided to Senator Andrew Bragg.

- Questions about PBO costings should be directed to the PBO.

Judges Pensions Scheme

The *Judges' Pension Act 1968* (the Act) provides access to a defined benefit pension for Judges of the High Court, the Federal Court and Federal Circuit and Family Court (FCFC) (Division 1). Judges of the FCFC (Division 2) are excluded.

The Act provides for a full defined benefit retirement pension payable to a Judge who has attained age 60 and served at least ten years in a federal court. Under the Scheme, a full retirement pension is determined as 60 per cent of the appropriate judicial salary. Judicial salaries are determined from time to time by the Remuneration Tribunal and published on their website.

- The current maximum retirement pension payable is $364,890 per annum for former Chief Justices of the High Court, and is calculated at 60 per cent of the current salary for a Chief Justice of the High Court ($608,150).
- In June 2022, the Remuneration Tribunal determined a 2.75 per cent increase to judicial salaries, and following the parliamentary disallowance period, judicial pensions will be increased accordingly to apply retrospectively from 1 July 2022.

Not all federal Judges receive a full pension on retirement. That is:

- a partial pension is payable for life from the Judges' Pensions Scheme where the Judge has only served at least six years (but less than 10 years) at the mandatory retirement age of 70.

- a lump sum benefit is payable from the Judges' Pensions Scheme equal to the Superannuation Guarantee (currently 10.5 per cent of salary) plus interest for Judges who serve less than six years.
- Judges of the FCFC (Division 2) are generally entitled to defined contribution superannuation benefits under a separate Act, the *Federal Circuit Court and Family Court of Australia Act 2021*– a lump sum benefit is generally payable equal to 15.4% of salary accumulated with interest.

The Judges' Pensions Scheme and the Governors-General Pension Scheme remain the only government defined benefit superannuation schemes open to new members.

- The Parliamentary Contributory Superannuation Scheme, a defined benefit pension scheme, was closed to Parliamentarians who joined the Parliament on or after 9 October 2004.
- The last defined benefit superannuation scheme for public servants was closed around 17 years ago. The Commonwealth Superannuation Scheme (CSS) closed on 30 June 1990. The Public Sector Superannuation Scheme (PSS) closed on 30 June 2005.

Except for Tasmania, the States and Territories provide defined benefit superannuation entitlements to the Judges. In 1999, Tasmania closed its defined benefit scheme to new Judges and commenced providing the Superannuation Guarantee benefit under a defined contribution scheme to Judges who commenced from that time.

The Sydney Morning Herald
Thursday 14th July 2022
Page 13 | Section: News

Axing judge's pensions would save taxpayers $400 million

Rachel Clun
Economics correspondent

FEDERAL COURTS

Closing the generous pension scheme for federal judges that currently provides each retiree hundreds of thousands of dollars a year would leave the budget more than $400 million better off by the end of the decade, according to independent costing analysis.

Liberal senator Andrew Bragg said the defined benefits scheme was way outside of keeping with community expectations.

The current scheme sees retired judges who had been in their role for a decade or longer receive 60 per cent of their working income as a pension, which in some cases is nearly $365,000 a year.

"This is really the most outrageous hangover from a bygone era," Bragg said.

The independent Parliamentary Budget Office, on request by Bragg, analysed the costs involved in closing the existing pension scheme to new judges and moving to superannuation.

Its report found that in the short term, closing the existing scheme to new judges and instead paying 15.4 per cent in superannuation would cost the government $4.7 million over the next four years, and would boost the government's financial worth by about $42 million over the same period.

But as more retired judges took up the super scheme instead of the old pension, savings would swell.

In a decade's time, the budget would be $415 million better off as a result of the change. The report projected those savings were would "rapidly accelerate" from 2031-32 as the number of retirees on the old pension scheme declines.

"Savings would dominate over the long term," the report said.

A 2021 Finance Department report on the current pension scheme found it would rise in cost over the next 40 years – from just under $60 million this year, to more than $250 million by 2060.

The same report found the government would need to set aside nearly $1.3 billion this year to pay for future judge's pensions. That budget liability would blow out to nearly $1.7 billion by 2030, and reach $5.2 billion by 2060 if the current scheme remained in place.

Bragg said the government cannot afford to run large deficits for decades, and moving federal judges onto superannuation would be one way to find future savings.

"It's a special deal that exists for one profession. I don't understand why the taxpayers of Australia should continue to fund that."

Treasurer Jim Chalmers has repeatedly stressed the importance of budget repair and finding savings ahead of the government's first budget in October.

The federal judge pension plan is the last of the government's generous defined benefits schemes.

The defined benefits scheme for politicians, which pays former politicians 75 per cent of their last base salary, was closed by former prime minister John Howard to all new politicians elected after 2004.

The rest of the federal public service moved off the defined benefits scheme after it was closed to new members in 2005.

The finance minister was approached for comment.

'This is really the most outrageous hangover from a bygone era.'

Liberal senator Andrew Bragg

DEMOGRAPHIC DATA FOR MOP(S) ACT EMPLOYEES

Issue

What is the Government doing to ensure it can report on demographic and diversity characteristics of MOP(S) Act employees?

Headline Response

The Government has updated employment documentation forms to ensure MOP(S) Act employees can voluntarily provide additional demographic and diversity data.

Talking Points

- MOP(S) Act employees can voluntarily provide demographic and diversity data when they commence employment through the Employee's Personal Particulars form submitted to the Department of Finance.
- The Employee's Personal Particulars form was updated in June 2022 to expand the number of demographic and diversity questions.
- Any information provided by MOP(S) Act employees is handled in accordance with the Department of Finance's privacy policy. In particular, employing parliamentarians do not have access to this information.

Policy Commitments

- N/A.

Contact: Jillian Flinders
Contact No: (02) 6215 2052
Division: Ministerial and Parliamentary Services
Date Updated: 22/07/2022
Date Last Printed: 12/08/2022 2:17 PM

Cleared by: David De Silva
Contact No: (02) 6215 3978
Cleared by Adviser:
PDR Number: QB22-000107

MOP(S) DEMOGRAPHICS

Background

The Set the Standard Report made a number of recommendations relating to improving the diversity of the MOP(S) Act employee workforce with associated monitoring and evaluation (refer Recommendations 6, 7 and 19). In particular, Recommendation 7 recommends:

> The Office of Parliamentarian Staffing and Culture, together with the Department of the Senate and Department of the House of Representatives, should table an annual report to the Parliament with the following information:…
>
> > (b) diversity characteristics of Members of Parliament (Staff) Act employees, including analysis by party affiliation (where applicable), role, classification and pay scale (Office of Parliamentarian Staffing and Culture).

So that the OPSC is able to implement this recommendation once established, Finance has commenced collecting additional personal information about MOP(S) employees through an update to its Employee's Personal Particulars form.

To ensure that Finance met its privacy obligations, a Privacy Impact Assessment (PIA) was undertaken to identify any privacy issues that need to be addressed. The PIA did not identify any significant risks to Finance's approach, but made minor recommendations to help Finance meet best practice in the handling of sensitive information. These recommendations were taken into consideration when making changes to the Employee Personal Particulars form.

Contact: Jillian Flinders
Contact No: (02) 6215 2052
Division: Ministerial and Parliamentary Services
Date Updated: 22/07/2022
Date Last Printed: 12/08/2022 2:17 PM

Cleared by: David De Silva
Contact No: (02) 6215 3978
Cleared by Adviser:
PDR Number: QB22-000107

PARLIAMENTARIANS' REMUNERATION

Issue

Why has there been a salary increase for parliamentarians?

Headline Response

Parliamentarians' remuneration, including base salary, is determined by the independent Remuneration Tribunal.

Talking Points

- The Remuneration Tribunal is an independent statutory authority and is responsible for determining remuneration for certain public offices, including parliamentarians.
- As Senators will be aware there has been no increase to parliamentarians' salary since 1 July 2019.
- A freeze during the onset of COVID in 2020 received bi-partisan support and continued to maintain remuneration levels with no increase.
- On 14 June 2022, the Tribunal released a statement advising that it had decided to increase remuneration by 2.75 per cent for public offices in its jurisdiction, including:
  - Federal parliamentarians
  - Judicial and non-judicial offices of federal courts and tribunals
  - Secretaries of departments
  - Full-time and part-time holders of various public offices
  - Principal executive offices.
- Detailed reasons for the decision are published on the Tribunal's website.
- Any questions in relation to parliamentarians' remuneration should be directed to the Tribunal.

Contact: s 22 [redacted]
Contact No: s 22 [redacted]
Division: Ministerial and Parliamentary Services
Date Updated: 26/07/2022
Date Last Printed: 12/08/2022 2:18 PM

Cleared by: Dean Edwards
Contact No: (02) 6215 2250
Cleared by Adviser:
PDR Number: QB22-000109

Policy Commitments

- N/A.

Background

Part 2 of the *Parliamentary Business Resources Act 2017* (the PBR Act) provides for remuneration for a parliamentarian to be paid as determined by the Remuneration Tribunal (the Tribunal). The remuneration must include a base salary and may include several other components, including additional salary for an office holder.

Subsection 47(6) of the PBR Act requires the Tribunal to notify its reasons for each determination made in relation to parliamentarians to the Special Minister of State and to publish those reasons on its website.

On 14 June 2022, the Tribunal published advice that *Remuneration Tribunal (Members of Parliament) Determination 2022* (the Determination) had been made, which sets out remuneration and allowance provisions for current and former parliamentarians.

The Determination increased base salary to be paid to a parliamentarian by 2.75 per cent to $217,060 per annum from 1 July 2022.

The Determination makes a corresponding change to the portion of base salary that is not parliamentary allowance for the purposes of the *Parliamentary Contributory Superannuation Act 1948*, by increasing it by 2.75 per cent to $45,320.

The Tribunal noted, in its statement on its decision, that there had been no increase in remuneration for public offices, including parliamentarians, since 1 July 2019.

The Tribunal is an independent statutory authority established under the *Remuneration Tribunal Act 1973*.

Contact: s 22 [redacted]
Contact No: s 22 [redacted]
Division: Ministerial and Parliamentary Services
Date Updated: 26/07/2022
Date Last Printed: 12/08/2022 2:18 PM

Cleared by: Dean Edwards
Contact No: (02) 6215 2250
Cleared by Adviser:
PDR Number: QB22-000109

NEW ZEALAND CITIZENS VOTING IN AUSTRALIAN ELECTIONS

Issue

The PM recently announced considering voting rights for NZ citizens based in Australia.

Headline Response

JSCEM will be asked to consider voting matters relating to NZ temporary residents in Australia

Talking Points

- It was wonderful to see the New Zealand Prime Minister, Jacinda Ardern, visit Australia in July 2022 and I look forward to the positive and engaged relationship our nations will share under an Albanese Government.
- We know New Zealand citizens participate in our society and contribute to our economy as residents in Australia.
- Prime Minister Albanese identified that there have been a range of issues raised relating to citizenship.
- One of these issues is voting rights and following establishment of the Joint Standing Committee on Electoral Matters (JSCEM), this Government will ask the Committee to review these matters.
- Senators will know after each federal election, JSCEM holds an inquiry into all aspects of the conduct of the election.
- Members of the public can make submissions on any aspect related to the federal election, and of course interested members and Senators are welcome to submit their views to the Committee when it is established.
- The Government considers any recommendations made by JSCEM following its inquiries.

Policy Commitments

N/A

Contact: Sebastian Powney
Contact No: (02) 6215 1603
Division: Governance
Date Updated: 27/07/2022
Date Last Printed: 12/08/2022 2:18 PM

Cleared by: Nathan Williamson
Contact No: (02) 6215 2668
Cleared by Adviser:
PDR Number: QB22-000110