	KEYWORD	TITLE	DIVISION
BUDGET AND FINANCIAL REPORTING			
1	EMPLOYMENT AUDIT	Election Commitment Employment Audit	BFR-BPCD
REMAINING ISSUES COVERED IN BUDGET ISSUES BRIEFS – SEPARATE FOLDER			
COMMERCIAL AND GOVERNMENT SERVICES			
1	SHIPBUILDING	Naval Shipbuilding Enterprise – (including Programs, Infrastructure and Workforce Overview)	**CGS-CID**; BFR-GDD
2	SUBMARINES	Submarines (including Collins LOTE, Attack Class cancellation, Nuclear Submarine Task Force Infrastructure and Workforce Overview	**CGS-CID**; BFR-GDD
3	SNOWY HYDRO	Snowy Hydro - Progress and Change of CEO	CID
4	AUSTRALIA POST	Australia Post - Performance	CID
5	CONTRACTOR/CONSULTANT	Contractor/consultant/labour hire expenditure	**CGS-PID**; BFR-BPCD
6	*ARTC*	ARTC - Inland Rail Review	CID
7	*NBN*	Improving the NBN	CID
8	*WSA*	Western Sydney Airport - Border Agency Facilities	CID
9	*NSOP*	National Security Precinct	PCD
10	*APS Net Zero*	APS Net Zero Emissions by 2030	PCD
11	*COMMONWELATH FLEET*	Fleet Low Emission Vehicle (LEV) Targets	PID
12	*BUY AUSTRALIAN PLAN*	Buy Australian Plan	PID
13	*QUARANTINE*	Purpose built quarantine centres	QID
s22 [redacted]			
GOVERNANCE AND RESOURCE MANAGEMENT			
1	ELECTORAL	Referendum Legislative Reform	Governance
2	CAMPAIGN ADVERTISING	Campaign Advertising and Expenditure (including campaigns running in the media above $250K)	Governance
3	SUPERANNUATION	Public Sector Superannuation Salary Legislation Amendment Act 2022	Governance
4	HAFF	Housing Australia Future Fund	Governance
5	DISASTER	Emergency Response Fund Amendment (Disaster Ready Fund) Bill 2022	Governance
6	SHARED SERVICES	Shared Services Program	SSIP
7	MONTHLY FINANCIAL STATEMENTS	Monthly Financial Statements	FARM
8	ADVANCE TO THE MINISTER	Advance to the Finance Minister (AFM)	FARM
9	ANNUAL APPROPRIATIONS	2022-23 Annual appropriations Bills and Acts	FARM
10	GRANTS	Improvements to grants policy and administration	PBI
11	DATA AVAILABILITY AND TRANSPARENCY	Implementing the Data Availability and Transparency Act 2022	ONDC

BUSINESS ENABLING SERVICES			
1	PBS FACTS AND FIGURES	Key Facts and Figures (October PBS 2022-23)	BES-CSD
2	AFP	AFP Matter	BES-CSD
3	LEGAL ASSISTANCE	Legal Assistance for Ministers & MoP(S) Act Employees	BES-CSD
4	FORMER PM MULTIPLE APPOINTMENTS	Appointment of the former Prime Minister to administer Department of Finance	BES-CSD
5	PBR/IPEA ACT REVIEW	Review of the Parliamentary Business Resources Act and IPEA Act	BES-MaPS
6	PEMS	Parliamentary Expenses Management System	BES-MaPS
7	MOP(S) STAFFING	MOP(S) Act Staffing Explanations and Tabled Documents	BES-MaPS
8	MOP(S) FINAL MONIES	Update on payment of final monies to MOP(S) employees	BES-MaPS
9	COMCAR FLEET	COMCAR Fleet	BES-MaPS
10	MOPS ACT Review	MOPS Act Review - Key findings and recommendations	BES-MaPS
DIGITAL TRANSFORMATION AGENCY			
s22 [redacted]			
INDEPENDENT PARLIAMENTARY EXPENSES AUTHORITY			
s22 [redacted]			
AUSTRALIAN ELECTORAL COMMISSION			
s22 [redacted]			

EMPLOYMENT AUDIT – AUDIT OF EMPLOYMENT ELECTION COMMITMENT

Subject/Issue

The Government will build capability and improve job security in the APS by reducing reliance on external labour and converting labour hire roles into ongoing APS jobs.

Key facts and figures

- The Government's audit of employment (the Audit) of the Australian Public Service (APS) is an election commitment and forms part of a broader suite of APS reforms.
- The Australian Public Service Commission (APSC) and Department of Finance are jointly conducting the Audit.
- The Audit was initiated on 30 September 2022 and will comprise a review of the workforce composition of the APS, informed by consultation with entities.
- The Audit will inform the APS' pathway to becoming a model employer, and the approach to rebuild the capability of the APS over time.
- The Audit is not intended to stop entities from using external labour to meet business needs, but rather, to take steps to create more secure employment in the APS where appropriate.

Key points

- The Audit will allow us to understand, for the first time, the composition of the entire APS workforce.
  - The Audit will involve the collection of data from entities on where and how temporary forms of employment, contracting and consulting are being used across the service.
  - The Audit will also seek insights from entities on what roles undertaken by external labour could be converted over time to roles undertaken by permanent ongoing APS employees.
  - This work will be completed in early 2023.
- Informed by the outcomes of the Audit, the Government will rebalance the APS workforce over time through the creation of more secure jobs in the APS and use of contractors and labour hire only when suitable and when required. This will help re-build in-house capability and functions

that sit at the heart of a strong public service – such as critical and creative thinking, and policy development.

- The APSC will complement this outcome by developing guidance for entities to help them identify the most appropriate resourcing for their operational and longer-term capability needs.

- In the 2022-23 October Budget, the Government delivered on the election commitment of saving $3 billion over four years from 2022-23 by reducing spending on external labour.
  - The 2022-23 financial year impacts were allocated to entities, and the savings for the remaining years of the forward estimates were provisioned in the Contingency Reserve for future allocation to entities. The Audit of Employment and the APS reform agenda will feed into the allocation of the savings to entities from 2023-24 to 2025-26.

Key information – yet to be released

- The outcomes of the Audit are expected to be provided to Government for consideration in the 2023-24 Budget.

NAVAL SHIPBUILDING ENTERPRISE

Subject/Issue

The Naval Shipbuilding Enterprise (the Enterprise) is the most significant naval shipbuilding program Australia has ever undertaken.

Key Facts and Figures

Shipbuilding programs

- Initially established through the Naval Shipbuilding Plan in 2017, Australia's Naval Shipbuilding Enterprise will fund the acquisition or upgrade of up to 23 different classes of Navy and Army maritime vessels. A history of the Enterprise is provided at Attachment A.

Funding Arrangements

- Funding for capability projects being delivered through the Naval Shipbuilding Enterprise, including acquisition and sustainment funding, is provisioned in the Defence Integrated Investment Program.
  - Refer to Attachment B for the key shipbuilding projects and associated Defence Integrated Investment Program funding provisions.
  - **You should refer any questions relating to current funding provisions to Defence as the last publicly released numbers were provided as part of the 2020 Force Structure Plan.**
- The only changes made in the 2022-23 October Budget to the Defence Integrated Investment Program (IIP) funding provisions are due to inflation and foreign exchange rate updates.
  - Other than these movements, there have been no real cost increases in the Shipbuilding Enterprise programs.

Finance's role in shipbuilding projects

- The Department of Finance (Finance) supports the naval shipbuilding deliberations of Government by providing cost and risk statements for individual projects.

  - These provide independent advice on the fidelity of the cost estimates, risk, affordability and value for money of IIP projects (led by Budget and Financial Reporting Group).
  - Finance also supports the Naval Shipbuilding Enterprise through the role of ASC Pty Ltd and Australian Naval Infrastructure (ANI) (led by Commercial and Government Services Group (CGS). CGS also provides commercial advice on Defence investments.
- **You should refer any questions relating to implementation and delivery of Defence shipbuilding projects to Defence.**

Defence Strategic Review

- On 3 August 2022, the Prime Minister and the Deputy Prime Minister announced an independently-led review that will consider Defence's force posture and force structure.
  - The review will be led by Professor the Hon Stephen Smith and Air Chief Marshal Sir Angus Houston AK AFC (Ret'd).
- Submissions on the review closed on 30 October 2022.
- The review will be delivered in early 2023. Its Terms of Reference are at Attachment C.
- **Further questions on how the review could impact existing programs and expenditure, including the Naval Shipbuilding Enterprise, should be directed to the Department of Defence.**

Hunter Class Frigate Review

- The Government made an election commitment to undertake a review into the Hunter Class frigate program.
  - The review will examine the cost, schedule and performance of the Hunter Class frigate program to date. The review will also explore emerging risks and suggest potential mitigations (note: the terms of reference have not been publicly disclosed).
- Refer to Attachment D for a summary of the changes to the SEA 5000 funding provision since the release of the 2016 Defence White Paper.
- **Questions on progress on the review and when it will report should be referred to Defence.**

Transition to Nuclear Powered Submarines

- **Information on submarines is included in HIB SB22-000118 (Titled: Submarines)**

Large Ship Infrastructure at Henderson

- In March 2021, the former government announced it would invest $4.3 billion in Western Australia's first large vessel dry berth, to be delivered via a Commonwealth-led funding and delivery model, in partnership with the Government Business Enterprise Australian Naval Infrastructure Pty Ltd (ANI).
- Throughout 2021-22, ANI has continued to work with the Commonwealth on the potential infrastructure requirements for large ship construction and sustainment in Western Australia and has undertaken peer review of preliminary feasibility, design and costing studies.

Attachments

A. Naval Shipbuilding Enterprise History. This provides further information on the history of Australia's Naval Shipbuilding Enterprise.

B. Key Naval Shipbuilding Build Programs. This includes an overview of the key naval shipbuilding programs and a chronological view of key shipbuilding funding provisions, focussing on the publicly available information. For comparison, the unpublished provisions for the major programs have been provided.

C. Terms of Reference for Defence Strategic Review.

D. Hunter Class Frigates Funding Provision. This provides a summary of the changes to the provision / cost estimates and reasons for the changes to the SEA 5000 program.

Date:	31 October 2022
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Consultation:	Nil
PDR Number:	SB22-000117
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Naval Shipbuilding Enterprise – history

2017 Naval Shipbuilding Plan and 2016 Defence White Paper

- 16 May 2017 – the 2017 Naval Shipbuilding Plan (NSP) was released, outlining an investment of over $89 billion in naval surface ships and submarine build programs, and in infrastructure at the Osborne Naval Shipyard in South Australia (SA) and Henderson Maritime Precinct in Western Australia (WA).
  - Refer to the Naval Shipbuilding Funding Provisions at **Attachment B** (note non-public detail is included).
- The 2016 Defence White Paper (DWP) and the 2017 NSP outlined three continuous build programs:
  - Future Submarines (now cancelled) – reported as **greater than $50.0 billion** for 12 Future Submarines in the 2016 DWP and $50.0 billion in the 2017 NSP). Construction was expected to commence in 2023.
  - Hunter Class Frigates –reported as **greater than $30.0 billion** in the 2016 DWP and **greater than $35.0 billion** in the 2017 NSP for nine Future Frigates.
    - Prototyping commenced in December 2020 and construction was expected to commence in December 2022 (‘cut-steel’ is now scheduled to occur in June 2024).
  - Offshore Patrol Vessels (OPVs) and Guardian Class patrol boats (Guardians) – $3.0 billion for 12 OPVs and $504.0 million for 21 Guardians.
    - Construction commenced in 2018 for the OPVs and in 2017 for the Guardians.

2020 Force Structure Plan

- 1 July 2020 – The 2020 Force Structure Plan (FSP) was released, announcing additional Navy and Army vessels (up to 23 classes of vessels) to be delivered under the Naval Shipbuilding Enterprise (refer **Attachment B**).
  - The 2020 FSP announced an updated total investment for the projects in the NSP of between $168 billion and $183 billion over a 20+ year period. This included updated funding provisions for the Future Submarines (reported as **$89.7 billion [MYEFO 2019-20]** for 12 Future Submarines) and the Hunter Class Frigates (reported as **$45.6 billion [2020-21 Pre-ERC]** for 9 Hunter Class Frigates).
    - A summary of the changes to the Hunter Class Frigate program provision is at **Attachment C.**

AUKUS

- 16 September 2021 – The Prime Minister of Australia, the Prime Minister of the United Kingdom and the President of the United States of America, announced an enhanced trilateral security partnership between the three countries (AUKUS).
    - The first major initiative under AUKUS is Australia's acquisition of at least eight nuclear-powered submarines. An 18 month Taskforce has been set up in Defence to examine the requirements that underpin nuclear stewardship.

Attachment B

KEY NAVAL SHIPBUILDING BUILD PROGRAMS

Below are details of key naval shipbuilding projects and relevant fudning provisions. Further detail on the funding provisions for *Hunter* Class Frigates is at **Attachment D**.

Program	Construction Commencement	No of Vessels	Estimated Completion	Build Location
Hunter Class Frigate	2024[1]	9	2044	Osborne, SA
Arafura Class Patrol Vessel	2018	12	2030	Osborne, SA (first 2 vessels) Henderson, WA (remaining 10 vessels)
Guardian Class Patrol Vessel	2017	21[2]	2024	Henderson, WA
Cape Class	July 2020	8	2024	Henderson, WA
Maritime Mine Countermeasures and Military Survey Capability	Mid-2020s	Up to 8		Henderson, WA
Joint Support Ships	Mid-2020s	2	2025	Henderson, WA
Pacific Support Vessel		1	Purchased Feb 2022	Overseas purchase
Ocean Protector Replacement		1-2	2027/28	Henderson, WA
Young Endeavour Replacement	Early-2020s	1	2023/24	East Coast
Hobart Class Upgrade	Mid-2025	3+		Osborne, SA
Large Army Landing Craft	Mid-2020s	Up to 8		
Replacement LHD Landing Craft	Mid-2030s	Up to 12		
Riverine Patrol Craft	Mid-2020s	Up to 12		
Salvage and Repair Vessel	Early-2030s	1	Early 2030s	Henderson, WA
Future SURTASS Vessels		Up to 3		
Future Army Water Transport	Mid-2020s	TBD		
Total		Up to **103**		

[1] Defence advised of the former Government's agreement to a 18 month delay to the commencement of construction for the first frigate (previously December 2022) at a Joint Committee of Public Accounts and Audit public hearing into the Major Projects Report on 15 September 2021.

[2] The Government has announced that an additional vessel will be acquired to replace the boat gifted to Samoa (Nafanua II), which ran aground in August 2021.

Vessels announced through the 16 September 2021 AUKUS Statement				
Nuclear-powered Submarines	TBA	At least 8	TBA	The Government intends to build in SA

Key updates – Surface Ships

Program	Key facts
Arafura Class OPVs	• ASC Pty Ltd is supporting Luerssen, in the assembly of the first two Arafura Class OPVs at Osborne, SA. • The remaining 10 Arafura Class OPVs will be built in Henderson, WA by Civmec in partnership with Luerssen. • ASC Pty Ltd engages labour from BAE Systems Maritime Australia (formerly trading as ASC Shipbuilding) to deliver the OPV program.The first OPV was launched on 16 December 2021.
Hobart Class Air Warfare Destroyers (AWD)	• ASC Pty Ltd delivered three AWDs: o 23 September 2017 – HMAS Hobart o 27 October 2018 – HMAS Brisbane o 18 May 2020 – HMAS Sydney • Final Operating Capability was declared by the Chief of Navy in June 2021. • ASC Pty Ltd will remain responsible for warranty issues and defects on the AWDs. • A Completion Deed was signed on 12 January 2022.
Hunter Class Frigates	• The *Hunter* Class Frigates are to be designed by BAE Systems and built by BAE Systems Maritime Australia (as a subsidiary of BAE Systems Australia, formerly trading as ASC Shipbuilding) at Osborne South Shipyard, SA. • ASC Shipbuilding separation and transfer was finalised on 14 December 2018 – 770 employees were transferred. • The management of the shipbuilding workforce, as part of the arrangements for the *Hunter* Class Frigate Program, is a matter for BAE Systems Australia and BAE Systems Maritime Australia. ASC Pty Ltd is not responsible for the shipbuilding workforce.

Naval Shipbuilding Funding Provisions[3]

Program ($b)	2016 Defence White Paper – 2016 IIP *Published*	Pre-ERC 2016-17 *Not Published*	2017 Naval Shipbuilding Plan *Published*	2020 Force Structure Plan 2019-20 MYEFO *Published*	QoN Response[4] 2020-21 Pre-ERC *Published*	AUKUS Factsheets 2021-22 Budget *Published*	October Budget 2022-23[5] *Not Published*
Hunter Class frigate	>$30	$36.3	>$35.0	$45.6[6]	$45.6[3]	$44.1	$44.8
Arafura Class patrol vessel	$3.0–$4.0	$3.8	$3.0–$4.0	$4.7		$4.7	$4.6
Guardian Class patrol boat		$0.6	$0.3	$0.5		$0.5	$0.5
Total	**>$83.5**	**$119.6**	**>$89.0**	**$140.5**		**$49.3**	**$136.1**
			Vessels as announced through the 2020 Force Structure Plan (FSP)				
Evolved Cape Class patrol boats				$0.3 - $0.4		$0.3	$0.47[7]
Future Mine Warfare Vessels				$3.3 - $5.0		$4.3 - $6.4	
Sea Lift and Replenishment Vessels[8]				$4.0 - $6.0		$5.1 - $7.7	
Ocean Protector Replacement				$0.3 - $0.5		$0.5 - $0.7	
Replacement LHD Landing Craft				$0.3 - $0.5		$0.4 - $0.6	
Large Army Landing Craft[9]				$0.8 - $1.2		$1.9 - $2.8	

If asked about funding provisions, Finance suggests you provide the most recent publicly available figure (AUKUS Factsheet 2021-22 Budget), and refer any further questions to Defence, noting the current funding provisions have not been publicly released.

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[3] Based on information provided by Defence, all prices are on an out-turned price basis unless otherwise stated.
[4] August 2020 Senate Economic References Committee QON Responses.
[5] Inlcudes life to date acquisition expenditure.
[6] This reflects the acquisition cost estimate in 2020-21 Pre-ERC prices published by Defence.
[7] In April 2022, the Government announced the acquisition of an additional two Evolved Cape Class patrol boats.
[8] Referred to as Joint Support Ships.
[9] Incorporates Future Army water and landing craft.

Program ($b)	2016 Defence White Paper – 2016 IIP *Published*	Pre-ERC 2016-17 *Not Published*	2017 Naval Shipbuilding Plan *Published*	2020 Force Structure Plan 2019-20 MYEFO *Published*	QoN Response 2020-21 Pre-ERC *Published*	Budget 2022-23 *Not Published*	AUKUS Factsheets 2021-22 Budget *Published*
Young Endeavour Replacement				\$0.0 - \$0.1			
Pacific Support Vessel				\$0.2 - \$0.3			
Hobart Class Replacement				\$1.6 - \$2.4			
Riverine Patrol Craft				\$0.1 - \$0.1			
Salvage and Repair Vessel				\$0.3 - \$0.5			
Future SURTASS Vessels				\$1.0 - \$1.5			
Future Army Water Transport				\$0.6 - \$0.8			
Other Shipbuilding Enterprise Investments (Sustainment)[10]				\$15.7 - \$23.6			
Total				**\$168 - \$183**			
	Vessels announced through the 16 September 2021 AUKUS Statement						
Nuclear-Powered Submarines (NPS)							TBD as part of 18 month NPS Taskforce

The acquisition funding provisions for some shipbuilding projects have not been publicly released, to protect the commercial position of the Commonwealth in negotiations with prospective tenderers.

[10] As a result of internal decisions by Defence to reclassify projects (i.e. to redefine whether they are primarily build or sustainmentment projects), amounts cannot be included in the table for Budget 2022-23 which are comparable with what was recorded in the table as part of the 2020 FSP for other shipbuilding sustainment projects.

Defence Strategic Review – Terms of Reference (3 August 2022)

Introduction

- An Australian Defence Force Posture Review was last undertaken in 2012 in strategic circumstances far different to those facing the Australian nation today. The conduct of a new Defence Strategic Review ('The Review') that considers both force posture and force structure is now required to ensure that Defence has the right capabilities that are postured to meet the growing strategic challenges that Australia and its partner countries will face in the world in coming years.
- The Review is to be a holistic consideration of Australia's Defence force structure and posture by including force disposition, preparedness, strategy and associated investments, including all elements of Defence's Integrated Investment Program.

Background

- The 2020 Defence Strategic Update and 2020 Force Structure Plan recognised the trends identified in the 2016 Defence White Paper were accelerating at a rate faster than anticipated. The world is undergoing significant strategic realignment. Military modernisation, technological disruption and the risk of state-on-state conflict are complicating Australia's strategic circumstances. These strategic changes demand the Australian Government re-assess the capabilities and posture of the Australian Defence Force and broader Department of Defence.

Purpose

- The purpose of the Review is to consider the priority of investment in Defence capabilities and assess the Australian Defence Force's structure, posture and preparedness in order to optimise Defence capability and posture to meet the nation's security challenges over the period 2023-24 to 2032-33 and beyond.

Critical Information Requirements

- The Review is to be informed by intelligence and strategic assessments of the most concerning threats which challenge Australia's security.
- The Review will take into account the capability investment, force posture and preparedness implications of Defence policy and plans, cognisant of relationships with partners and allies.
- The Review may be informed by other information the Independent Leads deem significant.

Task

- The Independent Leads are to prepare a Review in time for National Security Committee of Cabinet consideration no later than March 2023.
- The Review must outline the future strategic challenges facing Australia, which may require an Australian Defence Force operational response.
- The Review must identify and prioritise the estate, infrastructure, disposition, logistics and security investments required to provide Australia with the Defence force posture required by 2032-33.
- The Review must consider all elements of the Integrated Investment Program and provide recommendations for the Program's reprioritisation, particularly in light of recently announced large-scale projects, to provide Australia with the force structure required by 2032-33.
- The Review must outline the investments required to support Defence preparedness, and mobilisation needs to 2032-33.
- The Review must outline funding needs to 2032-33 to ensure longer-term strategic investments are progressed.

Recommendations

- The Review will make recommendations in relation to Defence force structure, force posture, and preparedness over the period 2023-24 to 2032-33 and beyond; and on any other matters which are deemed appropriate to the Review's outcomes.

Interim Report

- An interim report will be provided after the Independent Leads have completed their initial analysis.

HUNTER CLASS FRIGATES FUNDING PROVISION

Date and source	Program funding provisions ($b)	Published/Not Published	Comments
24 February 2016 2016 Defence White Paper – 2016 IIP	>$30.0	*Published*	The 2016 published Defence White Paper and Public IIP included a funding provision of greater than $30.0 billion (out-turned or adjusted for inflation and foreign exchange) for the Hunter Class Frigate Program.
Pre-ERC 2016-17	$36.3	*Not Published*	
16 May 2017 2017 Naval Shipbuilding Plan	>$35.0	*Published*	The 2017 Naval Shipbuilding Plan advised the Hunter Class Frigate Program was estimated to cost *greater than $35.0 billion* (out-turned) in acquisition (capital investment). The actual acquisition funding provision *was not publicly released at that time*, to protect the commercial position of the Commonwealth in negotiations with prospective tenderers.
1 July 2020 2020 Force Structure Plan (2019-20 MYEFO)	$45.6[1]	*Published*	The 2020 FSP announced an investment of $45.6 billion (Pre-ERC 2020-21 out-turned price and exchange) would be made in the Hunter Class Frigate Program. This investment is consistent with the acquisition cost estimate of $44.3 billion established in 2018 as part of the Second Pass decision, updated for the effects of inflation.
24 September 2020 Defence QoN Responses (2020-21 Pre-ERC) **2 October 2020** Finance QoN Responses	-	*Published*	Defence advised as part of its response to QoN 17 from the Senate Economic Reference Committee (SERC) Inquiry hearing on 7 September 2020, and Finance advised on 2 October 2020 as part of its response to QoN 11 from the SERC Inquiry hearing on 14 August 2020, that the actual out turned total acquisition cost estimate at the time of approval in 2018 was $44.3 billion. The actual acquisition cost estimate when the Hunter Class Frigate Program received Second Pass approval in 2018 was $44.3 billion (out-turned). This figure was *not publicly released* at the time to protect the commercial position of the Commonwealth in negotiations with BAE. The $44.3 billion acquisition cost estimate factored in a deliberate and continuous construction schedule as part of the Government's continuous naval shipbuilding program and updated inflation and foreign exchange rate assumptions.
AUKUS Announcement - September 2021 (Budget 2021-22)	$44.1	Published	This provision was included in the Fact Sheet for the South Australian Shipbuilding Industry, published on the Defence website.
October 2022-23 Budget	$44.8	*Not Published*	While this provision is unpublished this is the most recent funding provision. There have been a number of parameter updates since the 2020-21 Pre-ERC price basis. The changes in the associated funding provision that have occurred are due to updated inflation and foreign exchange rate assumptions.

If asked about the current Hunter Class Frigate funding provision, Finance suggests you provide the most recent publicly available figure of $44.1 billion, and refer any further questions to Defence, noting the current funding provision has not been publicly released.

[1] This reflects the acquisition cost estimate in 2020-21 Pre-ERC prices published by Defence.

Defence Integrated Investment Program (IIP) Provisions

- The changes in the associated funding provision that have occurred since the 2016 DWP are due to updated inflation and foreign exchange rate assumptions.
  - Other than these movements, **there have been no real cost increases in the Hunter Class Frigate Program**.
  - In the case of the Hunter Class Frigate Program, as part of the 2020 Force Structure Plan (FSP), the Defence IIP funding provision was updated to reflect the cost estimate that was developed at Second Pass in 2018, which was not released at the time to protect the commercial position of the Commonwealth in negotiations with BAE. While this reflects an update to the funding provision, **it does not reflect a real cost increase for the Hunter Class Program.**
- Provisions are updated over the life of a project to reflect movements in inflation and foreign exchange rates. In the case of the Hunter Class Frigate Program, this extends into the 2040s.

General Defence Capability Funding and Affordability

- Defence capability programs are funded from within the Defence IIP.
- To align with the 10 year funding model agreed in the 2016 Defence White Paper, Budget estimates for Defence, inclusive of the Defence IIP, are provisioned for 10 years in the Central Budget Management System and are presented on an out-turned basis.
  - Out-turned value is a projected measure of expenditure at a future point in time in the dollars (or nominal value) estimated to apply in that year, noting the effects of inflation and foreign exchange year-on-year, over the length of a project.
  - Whereas constant value refers to the size of the financial commitment at a set point in time in base date dollars.
- There is a terminology difference between a **funding provision** and a **cost estimate**:
  - A funding provision is a budgeted amount which is reflected as an entry in the Defence IIP broadsheet. The Defence IIP provision is used to fund the costs of Defence Capability acquisition projects.
  - Cost estimates of Defence Capability acquisition projects are refined between First Pass and Second Pass, with the expectation that by Second Pass, Government decisions to provide funding will be based on tender quality cost estimates.

SUBMARINES (including Attack Class program, Collins Class and Nuclear-Powered Submarines)

Subject/Issue

The Government has committed to the acquisition of at least eight nuclear-powered submarines under the AUKUS trilateral partnership.

The Department of Defence established the Nuclear-Powered Submarine Taskforce to work closely with the United Kingdom and the United States over an 18 month period, commencing in September 2021 to March 2023.

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.

Key points

Nuclear-Powered Submarines

- Australia's strategic environment has deteriorated more rapidly than anticipated. The Indo-Pacific—Australia's region—is now the centre of strategic competition.
- Nuclear-powered submarines are superior to conventional submarines in terms of stealth, speed, manoeuvrability, survivability, and endurance – its acquisition will allow the Australian Defence Force to protect Australia and contribute to the security of our region.
- The Taskforce is 13 months into the 18 month consultation process with the United States and the United Kingdom.
  - This process will allow Australia to consider the full suite of requirements for the nuclear-powered submarine program, determine its costs and ensure the submarine represents value for money.
- The Taskforce, led by Vice Admiral Jonathan Mead, AO, RAN, is evaluating a variety of issues for the nuclear-powered submarine program.
  - These issues include, but are not limited to: submarine design, construction, safety, operation, maintenance, disposal, nuclear regulation, training, environmental protection, waste management, infrastructure, industrial capacity, workforce, and force structure.
  - Finance is supporting the Taskforce in examining these issues.

If asked about the costs of the nuclear-powered submarine capability

- Cost estimates for the nuclear-powered submarine program will be developed by the Taskforce as part of the 18 month consultation process.
- Finance will provide its normal policy and financial advice on the nuclear-powered submarine program as part of Government consideration of the costs and funding sought.

If asked about the link between the Taskforce and the Defence Strategic Review

- On 3 August 2022, the Government announced an independently-led, Defence Strategic Review, which will examine Defence's force structure and force posture to ensure that Defence's investment prioritisation is well positioned to meet our security challenges through to 2033 and beyond.
    - Professor the Hon Stephen Smith and Air Chief Marshal Sir Angus Houston AK AFC (Ret'd), have been appointed as Independent Leads of the Review.
- The work of the Taskforce is running concurrently with the Defence Strategic Review, which will also report in early 2023 (The terms of reference of the Defence Strategic Review are at Attachment C to SB22-000117 NAVAL SHIPBUILDING ENTERPRISE).
- The Defence Strategic Review will help ensure that the Taskforce maximises the potential of the nuclear-powered submarine program and other AUKUS partnership initiatives in Australia's best strategic interests.

Attack Class Program (SEA 1000)

- The pursuit of nuclear-powered submarines means the Government is no longer proceeding with the Attack Class Submarine Program.

If asked about compensation for Naval Group and Lockheed Martin Australia

- On 11 June 2022, the Prime Minister announced a settlement with Naval Group, totalling approximately $830 million (Attachment A refers).
- The total life-to-date expenditure on the Attack Class submarine contract ($4.3 billion) included an amount for Lockheed Martin Australia, part of which was for close out costs.
- Further questions should be directed to Defence.

If asked about the Naval Group Guarantee provided under the Attack class Program

- The previous Government provided a guarantee in respect of the financial obligations of ANI to Naval Group Australia Pty Ltd and Naval Group S.A. (Naval Group) as part of the contractual arrangement that supported the Attack Class Program.

- Following the settlement with Naval Group the guarantee is no longer in place and was removed from the Statement of Risks in the October 2022-23 Budget.

Submarine Infrastructure (Osborne)

<u>Australian Naval Infrastructure and Osborne North Infrastructure (CGS to lead)</u>

- Following the AUKUS announcement on 16 September 2021, Australian Naval Infrastructure Pty Ltd (ANI) put on hold work on the Future Submarine Construction Yard.
    - $470 million was spent on construction of the Yard, the Managing Contractor Contract with Laing O'Rourke was finalised and closed out in June 2022, and all work has now ceased.
    - The Combat System Physical Integration Facility was completed in March 2022, as it was 80 per cent complete at the time of the announcement.
        - ANI and ASC are in the process of negotiating a lease over the office areas of the facility.
    - The remainder of the site, including the work completed on the Platform Land Based Test Facility, was made safe and preserved for future use, pending future decisions and definition of the infrastructure requirements at Osborne for the nuclear-powered submarine program

If asked about sites and whether a decision has been made on the location of the Nuclear Powered Submarine Construction Yard

- Steps have been taken to secure additional land in the vicinity of Osborne Naval Precinct, which may support the future construction of a Nuclear Powered Submarine Construction Yard in South Australia.
- On 22 June 2022, ANI entered into a lease to secure additional land. Details of the lease are commercially sensitive.

If asked about changes required to the Submarine Construction Yard to support a nuclear-powered submarine program

- Australia has been working with the UK and US over the 18 month period to determine the optimal nuclear-powered submarine pathway. This will include an intense examination of the full suite of requirements that underpin nuclear stewardship, including infrastructure.
- Together, ANI, Finance and Defence will examine which parts of the completed submarine construction yard works can be repurposed at Osborne North for a nuclear-powered submarine build.

- ANI continues to advise the Nuclear-Powered Submarine Taskforce on infrastructure planning and requirements for our future nuclear-powered submarines.

If asked about the impact of the cancellation of Attack Class on ANI's financials

- The cancellation of the Attack Class program resulted in a loss of projected revenues for ANI.
- Where possible, assets will be salvaged, re-sold or re-purposed. Where this is not possible, ANI is required to undertake an accounting impairment test at the end of the financial year.
- This has resulted in an impairment loss of $307 million, although there may be opportunities to reverse a portion of this impairment through the potential re-use of these assets through the Nuclear Powered Submarine program.

Submarine workforce (Sovereign Shipbuilding Talent Pool)

- Members of the Attack Class submarine workforce are prime candidates for the unprecedented work that needs to be performed across the Naval Shipbuilding Enterprise over the coming decades, where we will rely on their expertise more than ever.
- Australian-owned sovereign shipbuilder, ASC, is managing and implementing the Sovereign Shipbuilding Talent Pool.
    - The Sovereign Shipbuilding Talent Pool is re-deploying the existing industry shipbuilding workforce throughout current and new shipbuilding programs, while building the skills that will be crucial for the success of the nuclear powered submarine program.
- ASC has used its existing employment terms and conditions, to ensure that all offers of employment are made on a “No Worse Off Overall” basis.

If asked about the number of affected workers:

- The Talent Pool is a voluntary program where affected workers were able to register their interest up until 28 February 2022.
- As at 5 October 2022:
    - 297 active applications have been received from eligible workers from Naval Group Australia (283) and Lockheed Martin Australia (14).
    - 223 offers of employment have been accepted by eligible Naval Group Australia employees (283 offers made).
    - 13 offers of employment have been accepted by eligible Lockheed Martin Australia employees (14 offers made).
    - 214 have commenced with ASC.

  - 9 eligible workers have accepted offers and are yet to commence; their transition date is dependent on their release date from Naval Group Australia.

- ASC can provide further details and statistics.

If asked about what affected workers are currently doing?

- The focus to date has been the deployment of eligible workers onto existing ASC programs, including Collins sustainment and the Life of Type Extension program.
- The Talent Pool is providing affected industry workers options to be re-deployed across the following areas:
  - ASC work – to work on current and new ASC programs, such as the Collins Class submarine Life of Type Extension;
  - International Placements – to undertake placements with overseas shipbuilders or Government organisations within the US or the UK;
  - Australian Industry Placements – to undertake placements on other Defence programs;
  - Taskforce – to provide specialist advice and support to the Nuclear-Powered Submarine Taskforce, by responding to specific requests from the Taskforce and by seconding individual ASC staff with relevant expertise to work with the Taskforce; and
  - Learning and Development – to undertake further learning and development, which may include funded tertiary education in specialist areas such as shipbuilding, physics, and nuclear power.
- Both affected workers and existing ASC workers will have the opportunity to participate in these deployments.

If asked about contractual arrangements and funding to support the Talent Pool:

- ASC has entered into contractual arrangements with Defence to support the management and implementation of the Talent Pool which has allowed ASC to provide offers of ongoing employment to affected workers.
- ASC has contractual arrangements in place for an initial term of three years with a 24 month and then a 12 month extension available.
- The estimated value is variable and will depend on the number of affected workers who apply, are offered ongoing employment and who ultimately accept.

- These arrangements allow Government to respond to outcomes from the work of the Nuclear-Powered Submarine Taskforce.

If asked about ASC's involvement in the Taskforce:

- ASC is not a member of the Taskforce. The company provides services to the Taskforce through the Sovereign Shipbuilding Talent Pool Management Services Contract.
- This contract includes a mechanism for ASC to provide specialist advice if requested by the Taskforce, and to second ASC staff with relevant expertise to work with the Taskforce from time to time.
    - Appropriate confidentiality mechanisms and probity arrangements are established ensuring limited access and visibility of Taskforce information.

Collins Class, Life of Type Extension and Submarine Availability

If asked whether the Life of Type Extension program is on track and if there is therefore risk for Australia's submarine capability gap:

- ASC employs more than 1600 Australians which comprises the nation's most experienced submarine workforce. They have the skills and capability required for the Collins Class Life of Type Extension.
- The program is currently in the system design phase, and submarine modifications are on track to commence with HMAS *Farncomb* in 2026 as planned. ASC continues to adapt its workplace routines and protocols to minimise the impacts of COVID-19, and disruption to its operations and supply chains.
- ASC expects to be progressively contracted over the next two years for the procurement of long lead items for the program, and will further engage key suppliers.
  - On 31 August 2022, the Deputy Prime Minister said in an interview with the ABC that "we have a very agile and potent capability which is brought to bear by the Collins Class submarines, and they are doing a fantastic job for our nation" (Attachment B refers).
    - Any queries regarding the availability of the Collins fleet should be directed to Defence.
- On 10 October 2022, the Australian Financial Review published an article regarding major Defence projects running late and over budget, including Collins Class Submarine Reliability and Sustainability (Attachment C refers).
    - Any questions regarding this media article should be directed to Defence.

If asked whether Saab Kockums has been contracted to support ASC with the Life of Type Extension program

- ASC is engaged with Saab Kockums as a capability partner for design activities for the Life of Type Extension program. This has resulted in a small number of Saab staff being temporarily 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.
- On 27 October 2022, the Australian published an article regarding the Life of Type Extension program and the role of Saab Kockums who is engaging in similar work on submarines for the Swedish Navy (Attachment D refers). The article quotes a Defence spokesperson stating "ASC is leading Collins Life of Type Extension design and implementation activities," and that "contrary to uninformed reporting, ASC is actively engaging with Saab Kockums and they have not been excluded from playing an important role in the successful delivery of Collins Life of Type Extension."
- Any queries regarding longer term contracting arrangements should be directed to Defence.

KEY FACTS – COLLINS LIFE OF TYPE EXTENSION

<table>
<tr><th>Program/topic</th><th>Key facts</th></tr>
<tr><td>Estimated Cost of Collins Life of Type Extension</td><td>The Defence budget for the Collins Life of Type Extension is $4.3-6.4 billion.</td></tr>
<tr><td>Contractual Arrangements for Collins Life of Type Extension</td><td>If asked about the status of contractual arrangements and value?
Defence has contracted ASC to deliver planning and design scope (system and detailed design) for the Collins Life of Type Extension.
The substantive delivery of the program will be subject to further Government approvals.
South Australia will continue to complete full-cycle dockings for Collins and, in mid-2026, ASC will commence the modifications to HMAS Farncomb; the first of all six Collins Class submarines to be extended.
The planned Life of Type Extension will extend the operating life of each existing Collins Class Submarine by ten years.
LOTE work will include updates to key equipment on the submarine, including the propulsion systems, diesel motors, generators, power conversion and distribution systems, along with a range of hull assessments and upgrades.
Details on the cost and timeframes for the program should be directed to Defence.</td></tr>
<tr><td>Second Life of Type Extension and Capability Gap</td><td>If asked about a second Life of Type Extension or a capability gap
Any need for further extension of the service life of the Collins Class submarines will depend on outcomes of the Nuclear-Powered Submarine Taskforce and would be subject to feasibility assessments as the submarines progress through their currently planned extension.
The Defence Strategic Review will consider options to ensure continuity of a submarine-based capability throughout the transition to nuclear-powered submarines.</td></tr>
</table>

Program/topic	Key facts
Location of LOTE and Full cycle docking - Collins Class submarines	• As part of the AUKUS announcement on 16 September 2021, the former Prime Minister confirmed that the full cycle docking and Life of Type Extension of the Collins Class submarines will be undertaken in Osborne, SA. • The decision on the location of full cycle docking and LOTE was intended to ensure the retention of a skilled naval shipbuilding workforce in South Australia to support the continuous naval shipbuilding enterprise.

Background

- Details regarding ASC's total workforce, as at 30 September 2022 are outlined below:

ASC Total Workforce	
South Australia	1,204
Western Australia	556
Total permanent workforce	1,760
Labour Hire[1]	240

[1] Total labour hire for ASC is 240, which includes 220 labour hire staff in the Collins class workforce. OPV Program labour hire is not included as BAE Systems Australia acquired ASC Shipbuilding Pty Ltd in December 2018.

Collins Class Submarine Workforce (subset of ASC Total Workforce)	
South Australia (permanent)	929
Western Australia (permanent)	518
Total permanent workforce	1,447
Labour Hire	220

OPV Program (subset of ASC Total Workforce)[1]	
Total permanent workforce	15
Labour Hire: BAE Systems Maritime Australia	154
Labour Hire: Other	36
Total OPV	205

[1] Only OPV total permanent workforce numbers contribute to ASC's total workforce. The OPV Program labour hire is not included in ASC's Estimates Dashboard and should be considered separately.

- The remainder of the workforce (298) includes corporate, submariner training and business development staff. ASC's workforce has increased due to the majority of affected workers under the Talent Pool being transitioned into the company.

Date:	1 November 2022
Cleared by (SES):	Andrew Jaggers
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Consultation:	Defence Branch, Budget and Financial Reporting Group
PDR Number:	SB22-0000118
Last Printed	23/11/2022 4:03 PM

Attachment A

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

Interview with Patricia Karvelas, RN Breakfast, ABC

31 August 2022

PATRICIA KARVELAS, HOST: Solomon Islands has announced a ban on foreign naval vessels entering its port, raising more concerns around China's growing influence in the Pacific. The announcement came as Foreign Minister Penny Wong held talks with her counterpart in PNG on a security pact between the two countries.

Defence Minister Richard Marles has been in Europe strengthening ties with Germany, France and the UK, and he joins us now from London. DEPUTY PRIME MINISTER, welcome.

DEPUTY PRIME MINISTER RICHARD MARLES: Good morning, Patricia, how are you?

KARVELAS: I'm good. Let's just firstly go to this breaking news, you're in Europe where one of the most significant figures of the Cold War, former Soviet leader Mikhail Gorbachev has died. What do you see as his greatest legacy?

DEPUTY PRIME MINISTER: Well, I mean he's a hugely significant figure and a hugely historic figure. I think the answer to that question is that he will be forever remembered as one of the key architects of bringing to an end the Cold War. And the Cold War, for those of us who lived through that period, it was a time of enormous anxiety, where there was a sense of existential threat across the world. And his dialogue with Ronald Reagan really brought an end to that. He will be forever remembered as a key architect of that, and the world is a much safer place as a result.

KARVELAS: It's a reminder of the promise the future seemed to hold for Russia in the early 1990s before it descended into authoritarianism. Is that future out of reach now.

DEPUTY PRIME MINISTER: Well, it's a long way away. That's certainly a correct observation to make when you look at what's happening in Russia today, when you look at the way in which Russia is completely flouting the global rules-based order, which has been built in the aftermath of the Second World War. I think all of us would hope that there was a future for Russia which had a respect for democracy, a respect for human rights and a respect for the global rules-based order as part of it. But when you look at Russia's appalling invasion of Ukraine, they are at the polar opposite of that right now.

KARVELAS: You're in Europe at the moment strengthening ties with France, Germany and the UK. How much is the war in Ukraine dominating these talks and what are European Defence officials telling you about the state of play?

DEPUTY PRIME MINISTER: Well, it is certainly a very defining moment in Europe. I was in Berlin yesterday, which is poignant in the context of Mikhail Gorbachev's passing, speaking with Berliners who actually work in the Australian Embassy who have lived there all their lives talking to them about the night on which the Wall fell. There was such a hope for Europe at that time and you realise how significant that moment was. Germany has just now as a result of the war in Ukraine taken its defence spending to two per cent of GDP. This is a seismic shift in German politics. It is a seismic shift in German policy, and what it says is that they are very seized as a nation, as I think those across NATO in Europe are, about the need to stand with Ukraine in the face of the Russian aggression, but add their voice and their action to defending the global rules-based order. And I think the other encouraging aspect of the talks that I've had with those in Europe is that, while there is a focus on Ukraine obviously, there is an understanding that the global rules-base order is something which is under stress around the world, and that there is a larger cause here to be a part of. And I certainly think they see their standing with Ukraine as part of that, as we do. Which is why Australia, as the largest non-NATO contributor in support of Ukraine, a country a long way from Australia, we see that our support is critical there because the matters of principle which are raised in this are very much in our national interest.

KARVELAS: Richard Marles, Australia is looking at a potential off-the-shelf submarine to replace the ageing Collins-class fleet. Have you been looking at options in Europe?

DEPUTY PRIME MINISTER: Well, I'm in Britain now - actually in Barrow right now, and will be going to the BAE yard tomorrow where they build their submarine fleet. We are working through the process that the country has now been doing since October – September-October last year – of determining what will be the successor platform for the Collins-class submarine. That's the process we're working through with both the United States and the UK.

KARVELAS: What is Britain telling you about how quickly they could have nuclear submarines available for Australia? Is it a faster option than the US-made Virginia-class subs?

DEPUTY PRIME MINISTER: Well, firstly, it's a three-way process. So, there is one discussion with the three countries. It's a very cooperative process between the US, the UK and Australia, and both the US and the UK are committed to working with each other to help Australia acquire the capability of a nuclear-powered submarine. We've made it really clear that not only do we need to make the choice as to exactly which platform we run with, but we need to be finding options which are sooner rather than later.

I mean, the former Government left us with, really, a situation of not having a prospective boat in the water until the 2040s. This is a long way into the future and we are trying to examine, with both the United Kingdom and the United States, about whether there is any way in which we can get that date brought forward, and to the extent that there is any capability gap that arises as a result of whenever that date is, ways in which we can fill that capability

KARVELAS: One of Australia's Collins-class submarines has reportedly broken down in Hawaii. What can you tell us?

DEPUTY PRIME MINISTER: Well look, I wouldn't comment about the specifics of any particular submarine's operations. I think the point to make here is this in the broad; the Collins-class is meeting its operational requirements and those operational requirements in terms of the availability of submarines is really as good a level of operational availability as you will see in any submarine fleet in the world. What that means for our country is that we have a very agile and potent capability which is brought to bear by the Collins-class submarines, and they are doing a fantastic job for our nation.

Now, these are submarines which were imagined to come to the end of their life in the middle of this decade. Extending their life is inevitably going to be part of the process of filling whatever capability gap might arise, and it's why we are really looking at how we can get the new generation of submarines sooner rather than later. But right now, the Collins are doing a really good job, and they are meeting the operational availability benchmarks.

KARVELAS: Australia is looking to acquire hypersonic missiles that could travel between Melbourne and Sydney in as little as seven minutes. Are you planning to buy an off-the-shelf model or develop something here?

DEPUTY PRIME MINISTER: Well, hypersonics and counter-hypersonics are technologies which are in development right now between Australia, the UK, the US and other countries. There's not an off-the-shelf option to buy. What we want to do under the banner of AUKUS is to bring to bear our best scientists, build an ecosystem if you like, across those three countries, which is joint so that we can move down the capability path as quickly as possible, that we can acquire for all of these countries the most modern defence capabilities possible, and hypersonics and counter-hypersonics are definitely amongst them, and they are very much a focus of the work that is being undertaken by AUKUS.

KARVELAS: Has Australia been issued with a moratorium on its naval ships entering the Solomon Islands port like the US?

DEPUTY PRIME MINISTER: Well, I've seen the reports coming out of Solomon Islands. Ultimately, it is a matter for Solomon Islands and we respect that and understand that. Again, I think the point to make in relation to Solomons is that we really believe that if Australia puts in the work, and builds our relationship there, and makes clear to Solomon Islands that we are absolutely committed to working with them to improve their development. We will be the natural partner of choice, and the work of the Foreign Minister –

KARVELAS: I know, but you haven't answered my question. Has Australia been issued with a moratorium as well?

DEPUTY PRIME MINISTER: Well, as I say, I've seen the reports. Ultimately, that is a matter for Solomon Islands.

KARVELAS: But have you sought to get clarification?

DEPUTY PRIME MINISTER: Well, we don't have a vessel which is about to go to Solomon Islands so –

KARVELAS: No, but you would want to know the rules of engagement, right?

DEPUTY PRIME MINISTER: Well, we have an ongoing conversation with the Solomon Islands and I'm not about to walk down a path of what may or may not happen there. I've seen the reports. Ultimately, those decisions are a matter for the Solomon Islands Government.

KARVELAS: Does it concern you, though?

DEPUTY PRIME MINISTER: Well, I'm confident that if we put in the work as a nation, we will be the partner of choice for Solomon Islands, and we are putting in that work. Penny Wong, as our Foreign Minister, has been to Solomon Islands. There has been – I have had meetings with the Solomon Islands Defence Minister. We are completely committed to building that relationship. It is a critically important relationship for our country, and we are very much a friend of Solomon Islands and we want to work together with them on that country's development.

KARVELAS: Your colleague Penny Wong has held talks with the PNG Government on a security pact with Australia. What do you want in that pact?

DEPUTY PRIME MINISTER: Well, again, as I've seen the report, this is an idea which has been put forward by PNG. But we've been making it really clear that we want to be as close with PNG as we can be. We want to build on the already very close military-to-military relationship that we have with Papua New Guinea, which we see as being one of the most important military-to-military relationships we have. Indeed, the bilateral relationship with Papua New Guinea is one of the most important bilateral relationships that we have, and it comes back to the point that I just made in respect to Solomon Islands. We want to see Australia be the natural partner of choice for the countries of the Pacific. That is not something that we take for granted. We believe that is absolutely there, but is there when Australia puts in the effort and puts in the work. And I think what we're seeing with the efforts of our Government is that when we do that, the response from the Pacific is very positive.

KARVELAS: Thank you so much for your time, Richard Marles.

DEPUTY PRIME MINISTER: Thanks, Patricia.

ENDS

Dud defence firms could miss out on future work

By Andrew Tillett Political Correspondent, Australian Financial Review

Monday 10th October 2022 at 6.46pm

Poorly performing military contractors face much greater likelihood of suffering reputational damage under the Albanese government's overhaul of defence procurement, hurting their ability to bid for future projects and securing foreign sales.

But local small to medium enterprises warn the changes are a missed opportunity to ensure Australian industry is better integrated into foreign-owned defence supply chains to mitigate the risk of delays.

Defence Minister Richard Marles and Defence Industry Minister Pat Conroy unveiled new measures they boast will apply greater scrutiny and accountability to major defence projects as part of improving the "quality" of spending in the portfolio.

The government released an analysis showing 28 major projects are running cumulatively 97 years late, with 18 projects $6.5 billion over their original budget. The biggest budget deviation was with the Joint Strike Fighter at $2.4 billion, while the MRH90 helicopter is running more than 10 years late for achieving final operational capability.

Mr Marles exonerated the Defence Department for bungles, blaming the former Coalition government's high turnover of defence ministers, with six in nine years including Peter Dutton, for letting projects slip or blow out. Mr Conroy was scathing in particular of two decisions, accusing the former government of lying when it selected BAE

Selected examples of defence delays and cost blowouts

Project name	Approved budget ($m)	Budget variation* ($m)	Delay in schedule** (months)
F-35A Joint Strike Fighter	16,631.3	**+2366.6**	0 (FOC)
Battlefield Command System	969.7	**+32.3**	37 (FOC)
Protected Mobility Vehicle – Light (Hawkei)	1,987.5	**+7.9**	13 (FOC)
ADF Identification Friend or Foe and ADS Broadcast	436	–	27 (FOC)
Defence Satellite Comms Capability Phase 5A – Indian Ocean UHF SATCOM	422.1	**-39.7**	44 (FOC)
Wideband Transportable Land Terminals	206.9	–	46 (FOC)
Combined Communications Gateway Geraldton	42.0	–	34 (FOC)
Satellite Ground Station – East and Wideband SATCOM Network Management	235.4	–	39 (FOC)
Airborne Early Warning and Control Interoperability Compliance Upgrade	1,191.0	–	38 (FOC)
Deployable Defence Air Traffic Management and Control System	95.0	–	59 (IOC)
Civil Military Air Traffic Management System (CMATS)	975.6	**+243.1**	61 (IOC)
Maritime Operational Support Capability – Replacement Replenishment Ships	1,084.7	**+78.0**	0 (FOC)
Collins Class Submarine Reliability and Sustainability	445.8	**+373.8**	108 (IOC)
Battlespace Communications System Phase 2B	947.1	**+26.5**	36 (FOC)
Fixed Defence Air Traffic Control Surveillance Sensors	202.0	–	55 (IOC)
Jindalee Operational Radar Network mid-life upgrade	1,118.0	**+10.7**	36 (FOC)
MQ-4C Triton Remotely Piloted Aircraft	1,311.4	–	66 (FOC)
Battlefield Airlift – Caribou Replacement (C-27J Spartan)	1,439.3	**+269.6**	54 (FOC)
Future Frigate – Design and Construction (Hunter Class Frigates)	6,291.9	–	48 (cut steel)
Multi-Role Helicopter	3,773.9	**+247.2**	123 (FOC)
Submarine Escape and Rescue System	377.1	–	48 (FOC)

* Budget variation since second pass approval ($m) [real, indexation and exchange rate variations]
** Delays in schedule milestones from original approved milestone (months)
IOC: Initial Operational Capability; FOC: Final Operational Capability

SOURCE: AUSTRALIAN GOVERNMENT

Systems design, which is still being developed, for the $45 billion future frigate project instead of an off-the-shelf design.

He also said a year had been lost when the former government insisted the winner of the offshore patrol boat contract, German shipbuilder Luerssen, negotiate with the unsuccessful bidder, Perth shipbuilder Austal, to give it work.

Mr Marles and Mr Conroy are promising a more “activist” approach by ministers to managing troublesome acquisitions, including receiving monthly reports on Projects of Concern and Projects of Interest and establishing “early warning” criteria for adding projects to these lists. The lists will not be made public, though.

The government will also convene regular ministerial summits with senior defence officials and defence contractor executives to thrash out issues with projects.

While the changes will not introduce new penalties that could be imposed on contractors, the government believes that the added scrutiny and risk of reputational damage of being on the projects of concern list, or having executives hauled in for uncomfortable conversations over poor performance will drive improvements among industry.

Stopping schedule drift

The danger for a company that consistently struggles to fi x problems will be the risk of missing out on further defence contracts.

“We should be very frank with the Australian people that the history of defence procurements around the world is that it’s very hard to regain schedule once it’s lost,” Mr Conroy said.

“So the first step is to stop more schedule drift, and work with defence industry and the department to maintain current schedules and where they can, to be improved.”

Mr Marles left the door open for some defence projects to be axed or scaled back following the Defence Strategic Review as the government pursues budget repair.

“Defence is not immune from scrutiny when it comes to carrying its weight,” he said.

Mr Marles said he expected that once the submarine taskforce had completed its report in March on the preferred option for acquiring nuclear-powered submarines, the government would be in a position to start budgeting for those hefty costs.

Australian Industry and Defence Network chief Brent Clark, who represents homegrown SME defence businesses, said greater oversight and management of projects was welcome but urged the government to come up with a plan to get them back on track.

He said there was also no mention of the role Australian firms could play in helping reduce delays.

“We can’t just keep giving work to overseas entities,” he said.

“Why is the government not ensuring Australian companies are being built in to supply chains. When you are using a supply chain based overseas, you are a slave to their requirements.”

Mr Dutton defended his and the Coalition government’s legacy, accusing Labor of failing to order enough ships and aircraft when it was last in office.

“When you do hear Labor talking about quality spending within defence, read cuts to defence,” he said.

Will upgraded Collins last the distance?

By Nigel Pittaway, The Australian

Thursday 27 October 2022

While the navy pushes relentlessly ahead with its plans to acquire a nuclear-powered submarine, there are growing calls inside and outside Defence to consider an interim conventionally powered boat.

While Deputy Prime Minister and Defence Minister Richard Marles said as late as the middle of October that he's keeping all options open, both proposals depend on the successful completion of the $4.3-$6.4bn Collins Life of Type Extension (LOTE) program.

The problem is, such work hasn't been undertaken in Australia before and will involve cutting each submarine in two to replace obsolescent components. The first of six Collins-class boats entered service in 1996 and while survey work has been carried out on their pressure hulls to provide assurance they can be extended from that standpoint, there is significant risk in the unknown.

One company with experience in submarine LOTE work is Saab Kockums, the original designer of the Collins-class, which is now completing a Mid-Life Upgrade (MLU) on the Swedish Navy's Gotland-class submarines – a contemporary of the Collins boat.

In parallel, it is carrying out the LOTE of the last Södermanland-class boat and building two new Bleckinge-class (A26) submarines for the Swedish Navy.

ASC, the original manufacturer of the submarine, has been selected as the prime contractor for the LOTE program, but media reports in June suggested offers from Saab Kockums to partner with ASC and share expertise were rejected by the company.

However, Defence denies the media reports, saying the Swedish sub builder will have an important (but undefined) role to play in the Collins LOTE.

"ASC is leading Collins LOTE design and implementation activities," a Defence spokesperson said in late June. "Contrary to uninformed reporting, ASC is actively engaging with Saab Kockums and they have not been excluded from playing an important role in the successful delivery of Collins LOTE."

The LOTE program is designed to extend the life of each submarine by 10 years and work on the first of the six Collins boats, HMAS Farncomb, will begin in 2026. The last submarine to remain in service post-LOTE, HMAS Rankin, is currently due to leave the water sometime in 2048.

Parallel to the LOTE, Collins submarines are also being upgraded with new communications, electronic warfare and sonar systems as well as an optronic mast.

A feasibility study is also underway to determine if the design is capable of integration with the UGM-109E Tomahawk Land Attack Missile (TLAM).

Despite the upgrades and the LOTE – all of which bear their own risks – the question must be asked whether Collins will be a credible and survivable capability into the 2040s, almost 50 years after they first entered service.

When explaining the cancellation of the Attack-class program, then-PM Scott Morrison said strategic circumstances had deteriorated and the new subs would be obsolete on delivery in the late 2030s.

"This submarine, when it went in the water, would be obsolete almost the minute it got wet," he said of the Attack-class design.

If a contemporary submarine design would be obsolete when it entered service in the 2030s, where does this place Collins – successfully life extended and upgraded, or not – a decade beyond that?

SNOWY HYDRO - PROGRESS AND CHANGE OF CEO

Snowy 2.0 Delays

The Snowy 2.0 project is facing delays and cost pressures.

Key facts and figures

- Snowy Hydro is undertaking a cost and schedule review of Snowy 2.0 with the project contractor, Future Generation Joint Venture, which is expected to be finalised and provided to Shareholder Ministers in 2023.
    - The former CEO, Paul Broad, committed at the last Senate Estimates to provide an update on project timeframes and costs at the next hearing. The interim CEO, Roger Whitby, will advise the Senate Committee on the latest status of the project.
- The Snowy 2.0 project is expected to be delayed. Snowy Hydro is unable to determine an updated completion timeframe until there is more certainty around the excavation of the main cavern. While this remains uncertain, Snowy Hydro is continuing negotiations with the contractor.
- Delays have been caused by COVID-19 related disruptions, including supply chain constraints, site shutdowns and geotechnical and engineering challenges.
- The original cost of the contract with Future Generation Joint Venture to deliver the project was **$5.1 billion**.
    - Snowy Hydro has received a number of claims for additional costs and is working through the claims process under the contract.
- The Australian National Audit Office (ANAO) report on *Snowy 2.0 Governance and Early Implementation* released on 15 June 2022 noted that the **total funding requirement for the project was $5.9 billion for the 'base case' as at Final Investment Decision,** with a range of low and high cost scenarios identified (Page 21 refers).
- The Government has committed up to **$1.38 billion** in equity for Snowy 2.0, of which **$1.23 billion** has been provided as at 30 September 2022.
- The ANAO report found that Snowy Hydro's governance of the early implementation of Snowy 2.0 was effective, with no recommendations made to Snowy Hydro.
- Future Generation Joint Venture consists of WeBuild (formerly Salini Impregilo) (55%), Clough Projects Australia (35%) and US-based Lane Construction (10%).

- On 17 October 2022, *The Australian* reported that Clough were seeking a buyer due to financial distress.
- Snowy Hydro is monitoring Clough's financial situation and any potential contractual implications to ensure the Snowy 2.0 project is not disrupted.

Hunter Power

- The Hunter Power Project continues to progress with significant civil works conducted. Snowy Hydro is monitoring the impact of recent wet weather on the project schedule.
- The Government continues to work with Snowy Hydro to implement the election commitment to operate the Hunter Power Project on 30 per cent green hydrogen.
  - There is no additional funding to implement this election commitment committed in the 2022-23 Budget.
- Snowy Hydro has developed an initial assessment to support Government consideration of the investment required to facilitate green hydrogen. The Government expects to consider a detailed business case and any additional Commonwealth funding required for the upgrade of the plant in 2023.

Chief Executive Officer Resignation

- On 25 August 2022, Mr Paul Broad resigned as Chief Executive Officer and Managing Director.
  - On 25 August 2022, the department was informed of the resignation.
  - On 26 August 2022, Snowy Hydro publicly announced the resignation of Paul Broad.
- The Snowy Hydro Board appointed Mr Roger Whitby as acting Chief Executive Officer, effective 2 September 2022, when Mr Broad stepped down from all his duties at the company.
- On 23 August 2022, Shareholder Ministers met with the Chair of Snowy Hydro's Board, Mr David Knox, and the Chair of the Board's People and Culture Committee, Mr Scott Mitchell, to discuss strategic matters.
- The Snowy Hydro Board is undertaking an executive search to fulfil the permanent CEO position, expected to be appointed in 2023.

Balance Sheet Support via Preference Shares

- In the 2021-22 MYEFO, the previous Government agreed to provide temporary financial support over two years from 2021-22 in response to lower than forecast wholesale electricity prices.
- The financial support was provided to enable Snowy Hydro to retain its investment grade BBB+ credit rating.
- The Government has provided **$62 million** in preferential equity as at 30 September 2022.

s47G [redacted]

- The financial support is not related to Snowy 2.0 or the Hunter Power Project. The terms of the agreement are commercial in confidence.

Background

Snowy Hydro

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.

The project is expected to 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.

Snowy 2.0 will 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.

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 business case publicly released by Snowy Hydro on 5 October 2021 indicated an Internal Rate of Return (IRR) of 12.3 per cent for the project.

Freedom of Information request

On 4 October 2022, the Department of Finance publicly released its Question Time Brief on Snowy Hydro matters under a freedom of information request (Attachment A refers).

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Consultation:	The Department of Climate Change, Energy, the Environment and Water
PDR Number:	SB22-000109
Last Printed:	02/11/2022 16:17:00 PM

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.

- 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.

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ATTACHMENT A

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.

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.

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AUSTRALIA POST – PERFORMANCE

Subject/Issue

Australia Post delivered a profit for 2021-22 but is forecasting a significant loss in 2022-23.

Key facts and figures

2021-22 Financial Performance

- Australia Post's Annual Report shows that it delivered a **profit before tax of $55.3 million in 2021-22**, $45.4 million lower than the prior year, despite revenue of $8.9 billion. The result was driven by temporary items, including the sales of surplus assets.
- **Losses from letters was $255.7 million in 2021-22** which deteriorated by $50.0 million compared to prior year.
- The cost of meeting Community Service Obligations was $348.5 million in 2021-22 in line with prior year.

Australia Post did not meet all performance standards in 2021-22

- Australia Post's Annual Report shows that it **did not meet two key regulatory performance standards in 2021-22.**
    - **On-time letters delivery:** the target is for at least 94.0 per cent of letters to be delivered within the legislated timeframes (which varies by location). **Australia Post achieved 93.5 per cent** performance against this target. Performance improved in the second half of the financial year with 95.5 per cent in the third quarter and 95.9 per cent in the fourth quarter.
    - **Every business day delivery frequency:** the target is to service 98.0 per cent of all delivery points every business day. Australia Post was not able to measure actual performance due to transition from regulatory relief. Performance returned to above target at 98.8 per cent in the fourth quarter.
- Since performance standards were introduced in 1998, Australia Post did not meet the standards on one other occasion in 1999-2000 due to a significant overhaul of its mail processing network, industrial action and elevated letter volumes.

- Australia Post is preparing a Service Improvement Plan, which details how it will return services to the required standards. The Service Improvement Plan is required to be provided to the Minister for Communications before 1 March 2023.
- The Government tabled the Service Improvement Plan in both Houses of Parliament on 28 October 2022.

Stamp price increases

- On 11 August 2022, Australia Post notified the Australian Competition and Consumer Commission (ACCC) of its intention to **increase the Basic Postage Rate by 10 cents, effective January 2023**, to ensure that it can continue to provide services for all Australians in light of growing letters losses.
    - This would be the first increase in three years and is estimated to cost households on **average an extra $1.50 per year**. Concession and seasonal greetings rates will not be affected.
- On 25 August 2022, the ACCC released a Consultation Paper and **received seven submissions** from members of the public, industry competitors and post office stakeholders.
- The ACCC will release its view in **November 2022**.
- Australia Post Board will then consider the ACCC view and provide written notice to the Minister for Communications of its proposed determination under the *Australian Postal Corporation Act 1989.* **The Minister has 30 days to disapprove the notice**.

Competitive access to the Post Office Network

- On 23 September 2022, Toll Global Express made a submission to the ACCC Consultation Paper on Australia Post's draft stamp price increase notification.
- The submission alleged that Australia Post refused to provide access to its network to accept and deliver parcels on behalf of Toll Global Express and other competitors in a discriminatory use of its market power. It called for a legislated framework to regulate access to the Australia Post network in regional and rural areas.
- Australia Post advises that it negotiates and sets up commercial arrangements for parcel services with a range of providers and are willing to negotiate with Toll Global Express on commercial terms.

Background

Sea Mail suspension

On 1 October 2022, Australia Post suspended incoming sea mail as a result of increased volume of shipping containers being processed at the Sydney Gateway Facility, which has reached double the pre-pandemic volumes.

An increase in the number of prohibited items, particularly tobacco, has created a backlog in shipping containers being processed. The Australian Border Force estimates that illegal tobacco seizures have increased from 800 to 4,000 per week.

The backlog has also been compounded by the recent outbreak of Foot and Mouth Disease in Indonesia in May 2022. The Department of Agriculture, Fisheries and Forestry have tightened quarantine requirements, with 100 per cent of all incoming mail now being screened.

Sea mail represents a small proportion of the overall volume of mail Australia receives each year. There is no impact on airmail or outbound sea mail from Australia. Commercial logistics providers not using the postal network are unaffected.

Australia Post advises that sea mail suspensions are not uncommon to manage operational or border issues.

Australia Post is working closely with the Australian Border Force and the Department of Agriculture, Fisheries and Forestry to address the backlog in order to resume incoming sea mail services as soon as possible.

Competitive Neutrality

On 24 February 2022, the Australian Government Competitive Neutrality Complaints Office received a competitive neutrality complaint against Australia Post. The complaint was made by the Conference of Asia Pacific Express Carriers (Australia) Limited, which represents DHL, FedEx and UPS.

The Competitive Neutrality Complaints Office, as an independent unit of the Productivity Commission, has accepted the complaint for further investigation.

The complaint is against Australia Post's competitive advantages in the import, export and delivery of parcels as a result of government ownership. The investigation will examine whether Australia Post is facing any significant cost disadvantages arising from government ownership that could offset any competitive advantages of government ownership it enjoys.

Shareholder Departments are working constructively with the Competitive Neutrality Complaints Office to support their investigation.

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PDR Number:	SB22-000112
Last Printed:	23/11/2022 4:28 PM

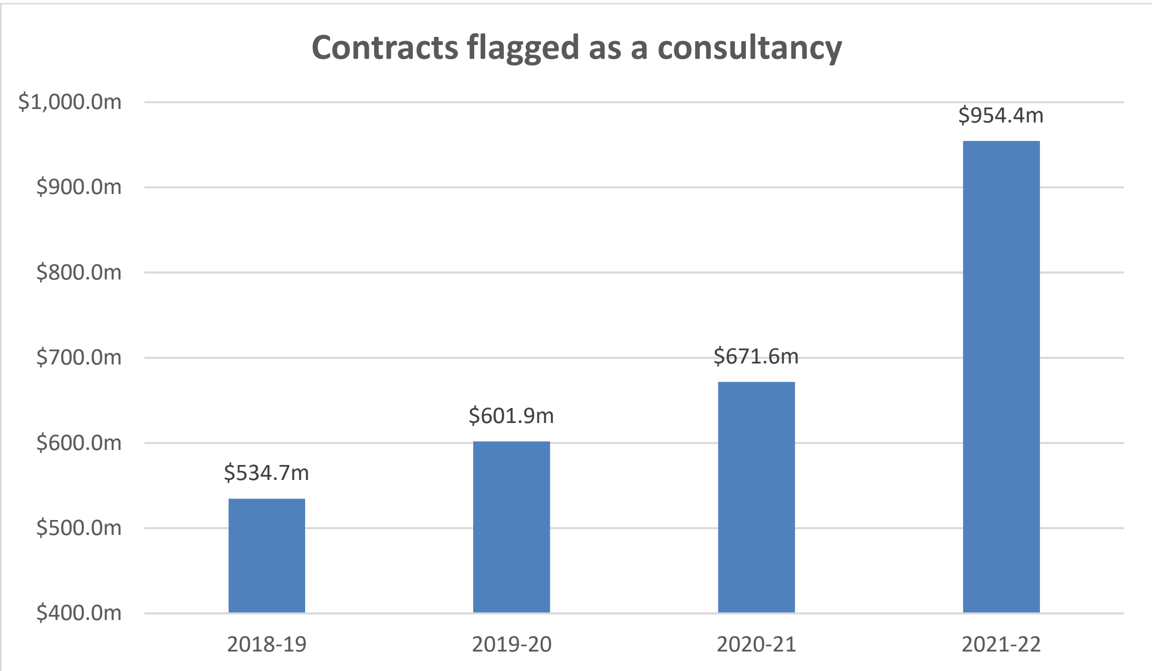
CONTRACTOR/CONSULTANT/LABOUR HIRE USAGE

Subject/Issue

The use of contractors, consultants and labour hire in the Australian Public Service (APS).

Key facts and figures

- The APS Audit of Employment will collect data on the use of contractors, consultants and labour hire in the APS.
- The Commonwealth has not been collecting consolidated expenditure information on contractors, labour hire or consultants.
    - Information on annual consultancy expenditure is published in individual Commonwealth entities' annual reports.
    - AusTender data provides total value of consultancy contracts awarded – it does not reflect annual expenditure or numbers of personnel.
    - Contractors, consultants and labour hire services are sourced through a variety of procurement mechanisms, including over 20 standing offer panels.
- In 2021-22, consultancies published on AusTender amounted to approximately $954.4 million *(figure as at 14 August 2022)* representing a **78 per cent increase by value when compared to 2018-19**:



Key points

- The Government is committed to reducing the use of contractors, consultants and labour hire and instead building APS capability as part of its APS Reform agenda.
- The Government will now collect the data it requires to better understand the use of contractors, consultants and labour hire personnel.
    - The Government is conducting an APS Audit of Employment to understand, for the first time, the composition of the entire APS workforce.
    - The new Whole-of-Australian-Government Management Advisory Services Panel and People Panel procurement arrangements will significantly enhance the transparency of the Commonwealth's usage of contractors, consultants and labour hire.

Background

The Department of Finance (Finance) manages a range of Whole-of-Australian-Government (WoAG) arrangements for commonly used services including travel management, accommodation, car rental, stationery and office supplies, and fleet.

Consultancies, contractors and labour hire (and recruitment and search) were identified as services that are extensively used by entities and suitable for new WoAG arrangements.

- A Management Advisory Services (MAS) Panel has recently been established for 31 commonly used consultancy services categories (the third phase of the panel went live in October 2022).
- A People Panel has been established for recruitment and search services (phase 1), and future phases of the panel will be for labour hire and contractor services (expected to be completed in 2023-24).

As coordinated procurements, the use of the MAS Panel and the People Panel is mandatory for non-corporate Commonwealth entities which are subject to the *Public Governance,* Performance and Accountability Act 2013, and optional for any other Government entity authorised by Finance to use the panels.

The establishment of these panels is consistent with the Government's commitment to reduce spending on external private labour (consultants, labour hire and contractors). These panels will:

- ensure that services are contracted at the most competitive price;
- increase transparency through improved data and reporting; and
- enable clearer differentiation and reporting consistency between consultancies, labour hire and contractor engagements.

Note: The Government has committed to undertake an audit of employment within the Australian Public Service as part of a broader suite of APS reforms. For further detail see the separate Hot Issue Brief: Employment Audit – Audit of Employment Election Commitment.

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PDR Number:	SB22-000125
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2022-23 October Budget Update Issues Brief no. 61

INLAND RAIL REVIEW

Key message

- On 7 October 2022, the Government announced an independent review of Inland Rail to be led by Dr Kerry Schott AO. Dr Schott's biography is at Attachment A.
- This delivers on the Government's election commitment to take a close look at the planning, governance and delivery of Inland Rail.

Key facts and figures

- The Government has committed up to $14.5 billion in equity and $300 million in grant funding to deliver the Inland Rail program.
- The Review will consider the scope, schedule and cost of the program, and will review the process for selecting the Inland Rail route, including stakeholder consultation.
- The Review is expected to be completed by early 2023, with findings provided to the Government for consideration.
- The Government intends to release the findings of the review once it has an opportunity to consider them.
- The cost of the review is being met from within existing Department of Infrastructure, Transport, Regional Development, Communications and the Arts resources.

Terms of Reference

- The terms of reference for the review have been released publicly (Attachment B refers).
- The Review will assess Australian Rail Track Corporation's governance and program delivery approaches with a view to optimise program delivery.
- Updated cost and schedule estimates will be informed by current market conditions and regulatory constraints, reflecting a tight infrastructure market and long delays in environmental and planning approvals.
- The Review will consult stakeholders in the freight sector to ensure that Inland Rail remains relevant, and continues to support Australia's national supply chain networks. This will include recommendations on the locations of terminals in Melbourne and Brisbane.
- The Review will review the processes for selecting the route to confirm it is fit for purpose, and reflects both the impacts on and benefits to regional communities.
- It will also examine broader opportunities to improve community consultation addressing community concerns with the alignment.
- The Review will have regard to existing studies, including the proposal to extend Inland Rail from Toowoomba to Gladstone.

Contact: Rachel Figurski Finance (m) s22 [redacted]

Attachment A

DR KERRY SCHOTT AO BIOGRAPHY

Dr Schott has experience in both the business and government sectors. She has been an adviser to governments, most recently as Chair of the Energy Security Board, and a chair and director of several public sector owned companies. Dr Schott is currently Chair of the NSW Net Zero Emissions Board and a Member of Aware Super's Direct Assets Committee.

Previously, Dr Schott was Chair of Moorebank Intermodal, a Director of NBN, Chair of the Energy Security Board, and Managing Director and CEO of Sydney Water from 2006 to 2011. She also spent 15 years as an investment banker, including as Managing Director of Deutsche Bank and Executive Vice President of Bankers Trust Australia. During this time, she specialised in privatisation, restructuring, and infrastructure provision. This included the establishment of National Rail, which in due course became ARTC.

Prior to becoming an investment banker, Dr Schott was a public servant and an academic. She holds a doctorate from Oxford University, a Masters of Arts from the University of British Columbia in Vancouver, and a Bachelor of Arts (first class Honours) from the University of New England. She has been awarded an Order of Australia and Honorary Doctorates from the University of Sydney, the University of Western Sydney, and the University of New England.

Attachment B

INDEPENDENT REVIEW INTO THE DELIVERY OF INLAND RAIL TERMS OF REFERENCE

The review will:

- assess Australian Rail Track Corporation's governance and program delivery approaches, including:
  - the effectiveness of current governance arrangements for Inland Rail, including monitoring and reporting
  - project management arrangements
  - risk management practices
  - implementation of strategy.
- consult with stakeholders across the freight sector to test the Inland Rail service offering and the importance of this to achieving the overall benefits of Inland Rail, including how it provides new capacity and resilience to support Australia's national supply chain network, having regard to:
  - urban congestion and future freight demand
  - potential end points for the Inland Rail Service Offering in Melbourne
  - potential end points for Inland Rail Service Offering in Brisbane, including Ebenezer, Kagaru, Bromelton, and/or Acacia Ridge
  - efficient linkages with freight infrastructure such as other freight rail networks, ports and intermodal hubs.
- review the processes for selecting the Inland Rail route to confirm it is fit for purpose and has considered both impacts and potential broader economic benefits to regional economies and communities
- having regard to current market constraints and regulatory environment, assess Program scope, schedule and cost, including:
  - a broader review of the infrastructure market
  - review Program costs, contingencies and escalation
  - review schedule assumptions, including timing for planning and environmental approvals, land acquisitions and contingencies
  - options to optimise Program delivery to realise benefits earlier
  - the PPP for the Gowrie to Kagaru projects
  - any related port connections
  - potential intermodal terminals in Brisbane and Melbourne.
- assess opportunities for enhancing community benefits along the route

- review ARTC's engagement and consultation approach, including options to improve engagement with communities and other stakeholders along the route; and develop a pathway to consider community concerns with the alignment.

The review will have regard to existing studies, including but not limited to:

- dedicated rail freight connections to ports in Brisbane and Melbourne
- the development of new intermodal terminals in Brisbane and Melbourne
- the extension of Inland Rail from Toowoomba to the Port of Gladstone
- the South East Queensland Freight Demand Analysis and Modelling Study.

SUPPLEMENT – ADDITIONAL DETAIL FROM TREASURY

Key message

- There is no new funding committed to the Inland Rail project (the project) in the 2022-23 October Budget.
- The Government has appointed Dr Kerry Schott AO to lead an independent review into the Inland Rail program, which is experiencing cost and schedule pressures. The review will provide advice on how the project can best be delivered, funding and financing options.
- The project is largely funded through equity injections for the Australian Rail Track Corporation. While such funding has no impact on the underlying cash balance, there are financing costs through public debt interest.

Key facts and figures

- Inland Rail is part of the National Freight and Supply Chain Strategy. The Melbourne to Brisbane route comprises 13 individual projects and construction is 13 per cent complete.
- The project is being delivered through a $14.5 billion equity investment in the Australian Rail Track Corporation (ARTC).
- National Intermodal Corporation (NIC), a Government Business Enterprise (GBE), has been charged with developing and operating terminals in Queensland and Victoria.
  - The March 2022-23 Budget committed $1.9 billion in equity to deliver two new intermodal terminals in Melbourne (one at Beveridge in Melbourne's north, the other at Truganina in Melbourne's west).
  - In the 2021-22 MYEFO, the Government committed additional equity for the NIC to undertake land acquisition and commence planning, development and delivery of the Victorian intermodal terminals for Inland Rail.
  - A business case is being developed for an intermodal terminal in Queensland.
- An additional $1.9 billion has been committed since 2014 to 2025 for ancillary projects under the Infrastructure Investment Program, including $1.2 billion for connecting road projects.

Key sensitivities

- It is unlikely that the Inland Rail project will be delivered within existing funding committed or be completed by end 2027.
- Stakeholders have raised concerns about the location of the alignment, its impact to townships and local communities and the rising cost to deliver the full project (particularly through northern NSW and south-east Queensland)

- The Government is yet to commit funding for a Queensland intermodal terminal. While a business case is nearing finalisation, the independent review provides an opportunity to seek reassurance on the optimal location of the terminal and other stages of work.

s47E(d) [redacted]

- Shareholder Ministers (the Minister for Infrastructure and the Minister for Finance) seek agreement from the Government on the scope of projects and their financing. The projects require agreement with state governments, particularly regarding location and route of projects.

Background

Inland Rail will form part of the national freight network by providing transit times of less than 24 hours for freight trains between Melbourne and Brisbane via regional Victoria, New South Wales and Queensland.

The project comprises 13 projects and spans 1,700km from Melbourne to Brisbane.

The first of the projects, the 103 kilometre Parkes to Narromine section, is complete and in operation, while early works on another project have begun. The remaining 11 projects are in the design and approval phase, subject to change following the Inland Rail review.

- The Gowrie to Kagaru section would be the most technically complex and costly section of Inland Rail, with approximately 8 kilometres of tunnels, including a 6.2 kilometre tunnel through the Toowoomba Range, 10 railway viaducts and 51 rail bridges.
- Existing intermodal terminals in Brisbane are near or at full capacity, requiring new terminal infrastructure be built to support increasing freight volumes. However, the optimal location of the terminal will need to take other costs and benefits into account.

Contact Damian Mullaly Treasury (m) s22 [redacted]

2022-23 October Budget Update Issues Brief no. 67

IMPROVING THE NBN

Key message

- The Government is providing access to affordable and reliable broadband for all Australians.

Key facts and figures

Improving the NBN

- On 20 October 2022, the Government announced it will provide $2.4 billion to NBN Co under the 2022-23 October Budget measure 'Improving the NBN'.
- The Government will provide an equity investment of $2.4 billion to NBN Co over four years from 2022-23 to upgrade the National Broadband Network (NBN) to deliver fibre-ready access to a further 1.5 million premises by late 2025, including 660,000 premises in regional areas.
- The additional investment will support nearly 90 per cent of Australia's fixed-line footprint to have access to world-class gigabit speeds by late 2025.
- The Government will also provide $4.7 million over three years from 2022-23 to support the delivery of free broadband for up to 30,000 unconnected families with school aged students during the 2023 calendar year.
- This measure includes the Government's election commitment as published in the *Plan for a Better Future*.

($m) UCB	2022-23	2023-24	2024-25	2025-26	Total
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	-4.7	..	..	0.0	-4.7

- The funding profile for the $2.4 billion equity investment is not shown in the measure financials table as the measure financials show Underlying Cash Balance impacts only. The funding profile is shown in the 'Reconciliation of general governance sector underlying and headline cash balance estimates' table in Budget Paper no. 1..

($m) Equity	2022-23	2023-24	2024-25	2025-26	Total
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	328.0	748.0	1,016.0	308.0	2,400.0

- This commitment complements NBN Co's existing $4.5 billion network upgrade program to provide gigabit speed access to 75 per cent of the fixed line network by 2023.

Key sensitivities

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 which had been under consideration with the Australian Competition and Consumer Commission (ACCC).
- NBN Co is working closely with the ACCC, retail service providers and other industry stakeholders in developing a revised SAU to be agreed by early 2023 that serves the interests of Australian consumers while ensuring NBN Co remains commercially viable.
  - On 12 August 2022, NBN Co released a revised SAU Variation Discussion Paper and is developing a revised SAU Variation proposal which is expected to be lodged with the ACCC shortly.

Background

Australian Capital Territory Investment

- Approximately [redacted] premises in the Australian Capital Territory (ACT) are included in the Government's announcement on 20 October 2022 as part of the 'Improving the NBN' Budget measure.
- The number of premises that were identified on 20 October 2022 within each state and territory was conservative and comprised around 1.1 million of the 1.5 million premises that will ultimately become eligible under the $2.4 billion investment program.
- Approximately [redacted] per cent of fixed-line premises in the ACT will have gigabit speed access by 2025.
- There are particular challenges in the ACT with upgrading fixed-line premises to full-fibre access due to construction and cost challenges associated with unique existing legacy infrastructure, such as high proportion of premises with access via power lines from the rear of houses and the high prevalence of hard rock topography.

Current Fixed-Line Network Upgrade Program

- NBN Co is currently undertaking an upgrade program funded by $4.5 billion from private debt markets, including:
  - $3.5 billion to upgrade the fixed-line network to enable gigabit capable (1,000 Mbps) speeds for up to 75 per cent of the fixed-line network (6.0 million premises, including 2.0 million FTTN premises, 2.5 million HFC premises and 1.5 million FTTC premises)
  - $700 million for small to medium business services, including investing in Business Fibre Zones
  - $300 million to establish a State, Territory and Local Government co-investment fund for regional Australia.

- NBN Co is well progressed with its implementation planning and intends to combine delivery of the 'Improving the NBN' investment with its existing upgrade program, including those being funded under co-investment arrangements with State Governments, to achieve operational efficiencies.

Contact: Rudy Alcantara Finance (m) s22 [redacted]

2022-23 October Budget Update Issues Brief no. 68

WESTERN SYDNEY AIRPORT – BORDER AGENCY FACILITIES

Key message

- The Government furthers its commitment to the development of the Western Sydney International (Nancy-Bird Walton) Airport by providing $17.9 million over two years from 2022-23 to fund the necessary planning and design work for border services facilities.
- Border services are required to support an operational airport and include policing, immigration clearance, customs control, biosecurity clearance, air traffic control, aviation meteorological, and aviation rescue and fire-fighting services.
- The planning and design work will consider the most efficient delivery model for the border services facilities to ensure that requirements are met for the commencement of airport operations in 2026.

Key facts and figures

- WSA Co is on track to deliver the airport by 2026, with progress at 36 per cent complete as at the end of September 2022.
- The delivery of the Airport is key to the economic development of the Western Sydney region. It will address growing aviation capacity needs in the Sydney Basin and is generating employment opportunities for the local community, with over 3,000 jobs created so far and 11,000 direct and indirect jobs to be created during the construction phase.

($m) UCB	2022-23	2023-24	2024-25	2025-26	Total
Planning and design for border services facilities at Western Sydney Airport					
Department of Agriculture, Fisheries and Forestry	-1.3	-1.2	0.0	0.0	-2.6
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	-5.0	0.0	0.0	0.0	-5.0
Department of Home Affairs	-7.1	-3.2	0.0	0.0	-10.3
Total	-13.5	-4.4	0.0	0.0	-17.9

Contact: Rachel Figurski Finance (m) s22 [redacted]

2022-23 October Budget Update Issues Brief no. 70

NATIONAL SECURITY OFFICE PRECINCT

Key message

- The Government is investing in Australia's ongoing national security through progressing the National Security Office Precinct to the next stage of development.
- The Project, which has been the subject of detailed business cases, planning, design, and early market testing that commenced from 2020, will be led by the Department of Finance.
- The Project includes the development of:
  - a National Security Office Precinct at York Park in Barton, ACT and
  - a multi-level car park next to the John Gorton Building in Parkes ACT, known as the John Gorton Campus Car Park.

(*Map provided on page 3*)

Financials

- Due to the commercial-in-confidence and national security sensitives of the Project, details of funding and cost will not be released at this time.

National Security Office Precinct (the Precinct)

- The York Park site is a prominent Commonwealth owned location, currently an on grade (outdoor, surface level car parking) car park next to the York Park Oak Plantation, in Barton, ACT.
- Development of the site using a Precinct model maximises the value of the site and aligns with the National Capital Plan as administered by the National Capital Authority.
- The Precinct will provide a permanent solution to the critical accommodation and capability requirements of several national security and other Commonwealth agencies.
- The Precinct will provide an enduring sovereign owned national security capability to protect and strengthen Australia's national interests and strategic partnerships.
- The Precinct will accommodate public and private tenants, and is expected to be used by a range of Commonwealth entities, including:
  - the Office of National Intelligence
  - part of the Department of Foreign Affairs and Trade.
- The tenants for the Precinct will be finalised following the completion of detailed planning and functional design work, which is expected to be completed in mid-2023.

John Gorton Campus Car Park

- The John Gorton Campus Car Park will replace the displaced car parking currently on York Park, provide approximately 1,100 spaces over 5 levels, and also house a childcare centre to cater for increased demand.
- The John Gorton Campus Car Park will support visitor and worker amenities in the Parliamentary Triangle, including for nearby cultural institutions such as the galleries and the future Ngurra Cultural Precinct.

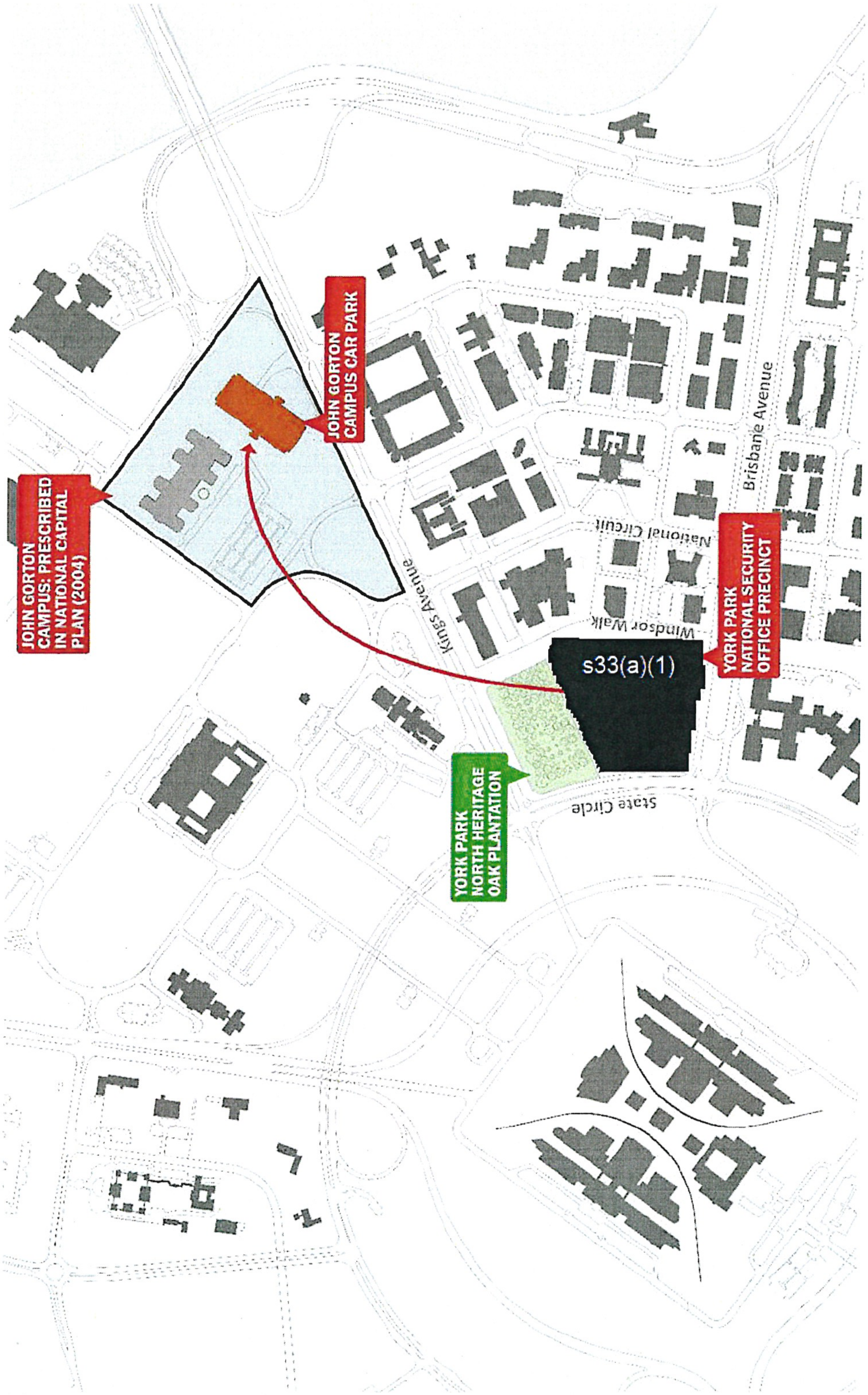
Timing

- The Project will be staged to minimise disruption to the area, particularly regarding the accessibility of parking.
  - **Stage 1** is the **John Gorton Campus Car Park**, with construction to commence in mid-2023 with expected completion in late 2024.
  - **Stage 2** is the **Precinct,** with construction to commence in early 2025 with expected completion in late 2028.

Key facts and figures

Precinct	
Key Dates	• **Early 2025** - Precinct construction commences • **Late 2028** - Precinct construction completed to fit-out stage
Land Size	4.2 hectares
Precinct Scale	6-8 storeys across the various buildings
Workers	~4,500-5,000
John Gorton Campus Car Park	
Key Dates	• **Mid 2023 –** Car Park construction commences • **Late 2024 –** Car Park Construction is completed
Car Park	• Future Structure: ~1,100 spaces over 5 storeys
Childcare spaces	170 placements

Site Map


JOHN GORTON CAMPUS CAR PARK
JOHN GORTON CAMPUS: PRESCRIBED IN NATIONAL CAPITAL PLAN (2004)
Brisbane Avenue
National Circuit
Windsor Walk
Kings Avenue
[redacted] s33(a)(1)
YORK PARK NATIONAL SECURITY OFFICE PRECINCT
YORK PARK NORTH HERITAGE OAK PLANTATION
State Circle

Background

Project Approvals

- The Project is subject to normal approval processes including:
  - **Two Stage Capital Works** - the Project was considered and approved for Second Stage Capital Works approval by Government as a part of the October 2022-23 Budget
  - ***Environmental Protection and Biodiversity Conservation Act 1999*** (EPBC Act) - The John Gorton Campus Car Park will be subject to assessment under the EPBC Act
  - **Parliamentary Approvals** – Due to the John Gorton Campus Car Park being located in the Parliamentary Zone, it is subject to Parliamentary Approval (both Houses of Parliament) under the *Parliament Act 1974*. This submission process is facilitated by the National Capital Authority (NCA)
  - **NCA Approval** – NCA Works Approval is required for both the John Gorton Campus Car Park and the Precinct, as these proposals are both within Designated Areas under the National Capital Plan (NCP)
    - The proposal for the Precinct and John Gorton Campus Car Park have been developed in consultation with the NCA, and support the objectives of the York Park area and the John Gorton Campus in line with the NCP
    - The NCA Works Approval decision is made following approval by both Houses of Parliament.
- **Public Works Committee (PWC)** – the Project is subject to approval under the PWC process.

Contact: David Muldoon Finance (p) 02 6215 2090

2022-23 October Budget Update Issues Brief no. 69

APS NET ZERO EMISSIONS BY 2030

Key message

- The Government will provide the Department of Finance $7.1 million over two years from 2022-23 to implement an interim framework to help meet the Government's commitment that the Australian Public Service reach Net Zero greenhouse gas emissions by 2030.

Key facts and figures

- The Government's December 2021 Powering Australia Plan included a commitment to reduce the Australian Public Service's (APS) greenhouse gas emissions to Net Zero by 2030 (excluding security agencies).

- In June 2022, the Prime Minister and Minister Bowen wrote to the United Nations and updated Australia's targets under the Paris Agreement. This reaffirmed the APS targets set out in the Powering Australia Plan.

- In July 2022, the Commonwealth Procurement Rules were updated to include climate change impacts in relevant financial and non-financial considerations of value for money.

- Initial streams of effort under APS Net Zero will include policy development and governance, leveraging whole of government policies and frameworks (e.g. property), APS capability uplift, and data collection.

- The interim policy and reporting framework for 2022-23 will focus initially on scope one (direct fuels usage such as natural gas or fleet vehicles) and scope two emissions (indirect such as those from purchased electricity), with further work undertaken over the next 12 months to consider scope three emissions (supply chain upstream and downstream).

- Initial entity and whole of government emissions reports will be delivered in Q4 2023. Non-corporate and corporate Commonwealth entities will be required to report on their emissions. Finance will develop tools and guidance to support entities to measure and report on their emissions.

- The 2030 target will initially apply to non-corporate Commonwealth entities (with security exclusions), with corporate Commonwealth entities and Commonwealth companies encouraged to reduce emissions.

- The intent is to further define the policy coverage over the next 12 months, informed by consultation and emissions data. Government will then consider the range of entities, activities and emissions to be covered, and options to ensure the target is met by 2030.

- Investigation of low or no cost emission reduction activities has commenced, such as green energy, power purchase agreements for renewable power, energy efficiency guidance for new leases, and transition of the Commonwealth vehicle fleet to low emission vehicles.

($m) UCB	2022-23	2023-24	2024-25	2025-26	Total
APS Net Zero by 2030					
Department of Finance – Payment	-5.4	-1.7	-	-	-7.1
Property Special Account – Offset	5.4	1.7	-	-	7.1
Total Impact on Underlying Cash:	0	0	-	-	0

*Total funding of $7.1 million is being offset from reprioritisation of existing resources within the *Property Special Account 2014*.

Background

- In June 2022, the Prime Minister and Minister Bowen wrote to the UN and updated Australia's emission reduction targets under the Paris Agreement. The update reaffirmed the election commitment that the APS, excluding security agencies, would reach Net Zero by 2030.
- The last *Energy Use in the Australian Government's Operations* report (from 2011-12), stated that Australian Government activities were estimated to generate 2.84 million tonnes (Mt) of carbon dioxide-equivalent emissions. Of this, Reputex estimated emissions from APS operations to be approximately 0.75 Mt per annum excluding Defence, Border Force and other security agencies. This will need to be confirmed through emissions data gathered in the first year.
- Policy design and implementation will be complex and require multiple streams of activity. Finance will lead this work in consultation with the Department of Climate Change, Energy, the Environment and Water (DCCEEW), The Treasury and all in-scope entities.
- The enduring policy and reporting framework will be established after baseline emissions data has been established in Q4 2023 and entity and stakeholder consultation has occurred. Reporting and the scope of APS Net Zero 2030 will be refined and continuously improved over time.

Public reporting

- Comprehensive reporting of relevant scope one (sourced owned or controlled by Government such as fleet) and scope two (sourced through purchased electricity) emissions will commence for 2022-23, with scope three emissions reporting initially limited to those business sectors for which robust data is available (such as air travel). It is expected that reporting on scope three emissions will increase over time as data quality, methodology and APS capability improves.
- Finance will work with DCCEEW, supported by external advice, to develop an emissions estimation and reporting frameworks. All non-corporate and corporate Commonwealth entities will commence public reporting on their emissions in their 2022-23 annual reports

(subject to entity consultation and JPCAA agreement), from which Finance will publish a whole of government report in quarter 4 of 2023.

Complementary activities

- Finance holds responsibility for a number of whole of government policies and frameworks that can be leveraged to support implementation of APS Net Zero, including property, procurement, fleet, travel, and stationery and office supplies.
- The Commonwealth Procurement Rules were updated in July 2022 to include climate change impacts in relevant financial and non-financial considerations of value for money. The Future Made in Australia Office, under the Buy Australian Plan, will consider opportunities to use government spending power to support net zero outcomes. The Government's commitment to transition the Commonwealth Fleet to low emission vehicles will also support net zero.
- DCCEEW is leading work to support public sector entities in adapting to a changing climate and considering climate risk, and Treasury is leading work on climate risk financial disclosure. The Net Zero Economy Taskforce in Prime Minister and Cabinet will provide advice on support for regional communities experiencing changes from decarbonisation.

Contact: Matthew Whitfort Finance (m) s22 [redacted]

2022-23 October Budget Update Issues Brief no. 65

COMMONWEALTH FLEET – LOW EMISSIONS VEHICLE TARGET

Key message

- The Government will provide $15.9 million over four years to reduce emissions, and increase the electric vehicle pipeline.
- The Government has set a target of 75 per cent of the Commonwealth Fleet new passenger vehicles to be low emissions vehicles by 2025.
- This will support the Government's commitment to achieve net zero emissions by the Australian Public Service by 2030, as part of the Powering Australia Plan.

Key facts and figures

- The target will see approximately 3,800 zero or low emissions passenger vehicles in the Commonwealth Fleet.
- The measure requires vehicles acquired to be sold within three years to increase the supply of second-hand electric vehicles in Australia.
- It includes administrative/non-operational passenger vehicles used by Commonwealth entities and 90 per cent of the COMCAR Fleet.
  - Specialist security vehicles, such as lights and sirens vehicles, are not included in the target as there are currently no low emission vehicle options that are suitable.
  - A portion of commercial vehicles may be included from 2024-25, if commercial low emission vehicles are introduced into the Australian market.
- The measure will be delivered by funding agencies on a 'per vehicle' lump sum basis. The funding will contribute towards charging infrastructure and the difference in cost of purchasing or leasing a low emissions vehicle.
- The measure includes transitional targets of 25% in 2022-23 and 50% in 2023-24, in recognition of the time it will take for supply to meet demand.
- Operational vehicles of the Australian Defence Force and other national security agencies are not included in the target given their unique operational requirements.

($m) UCB	2022-23	2023-24	2024-25	2025-26	Total
Commonwealth Fleet Leases					
Department of Finance	1.2	3.1	5.0	6.6	15.9

Key sensitivities

- Meeting the low emission target is contingent on the supply of low emission vehicles from manufacturers.

- Currently all vehicle orders, including low emission vehicles, have an approximate lead time from ordering of 9 months on average, extending to 18 months for some models.
- The Department of Finance will, as quickly as possible, place a bulk order on behalf of Commonwealth entities for up to 400 low emission vehicles, via the contracted Fleet management provider.

• The orders of low emission vehicles to cover Commonwealth fleet requirements could divert supply from the general public.

- The Department of Finance is actively engaging with global vehicle manufacturers and uniting with other jurisdictions to increase the attractiveness of our market.
- This will help ensure any bulk orders for government fleets will be in addition to low emission vehicles already destined for the Australian market.

• Parliamentary private plated vehicles will not be captured by the target or funding to avoid providing any unique benefit to Members or Senators.

- Parliamentarians will be encouraged to preference zero emission vehicles when their vehicle leases expire.

Contact: Kristina Hopkins Finance (m) s22 [redacted]

2022-23 October Budget Update Issues Brief no. 66

THE BUY AUSTRALIAN PLAN

Key message

- The Buy Australian Plan is a significant Australian Government procurement reform program which will see the Government use its buying power to improve economic, social and environmental outcomes for Australia.
- The Buy Australian Plan aims to make it easier to do business with the Australian Government, especially for regional businesses, Indigenous-owned businesses and small and medium enterprises.
- It will leverage the Government's spending power to take action on climate change, and support businesses that pay their fair share of tax, and engage in fair, equitable, ethical and sustainable workplace practices.
- The Buy Australian Plan will also maximise opportunities for Australian businesses in major infrastructure projects and support the growth of industry sectors.
- The measure delivers on the Government's *Plan for a Better Future* election commitment and the *Better Deal for Small Business* policy.

Implementation commenced

- The Government has delivered the first step of the Buy Australian Plan, by establishing the Future Made in Australia Office in the Department of Finance.
- In addition to establishing the Office, work has already begun on implementing the Plan. On 1 July 2022, the Commonwealth Procurement Rules were updated to:
  - require 20 per cent of procurements by value to be sourced from small and medium enterprises (SMEs), doubling the previous target of 10 per cent
  - require officials to consider broader climate change impacts when undertaking a value for money assessment
  - explicitly encourage entities to approach multiple suppliers when procuring from a panel arrangement.

Key facts and figures

Who will be impacted?

- The Buy Australian Plan aims to increase opportunities for Australian businesses, particularly SMEs and Indigenous-owned businesses, and businesses located in regional Australia.
- The measure will also affect the way Government entities do business with industry.

Implementation

Ministerial Roundtable

- The Government will work closely with industry to implement the Buy Australian Plan.
- Implementation will be informed by a Ministerial Roundtable on Procurement, with representatives from peak business and industry bodies, unions, and academia.
- The Roundtable will ensure the reform program reflects the needs of Australian businesses and industry sectors, reduces regulatory burden, and provides pathways for new market entrants, emerging sectors and business growth.

The Future Made in Australia Office

- Critical to the delivery of the Buy Australian Plan is whole-of-government collaboration.
- The Future Made in Australia Office has been established in the Department of Finance and it will coordinate the delivery of the Buy Australian Plan.
- It will:
  - be the interface between Government and industry on procurement
  - deliver targeted learning events on how to do business with the Government
  - support the uplift of procurement and contracting capability across the Australian Public Service
  - work alongside, but independently of, the whole-of-government domestic procurement and international trade policy functions.
- The Office has seconded staff from the Department of Industry, Science and Resources.
- There are a total of 11 staff in the Office.

Financial Implications

- This ongoing proposal will be met from existing resources within the Department of Finance, with contributions from the Department of Industry, Science and Resources.
- The Future Made in Australia Office will operate at a total cost of $14.656m over four years.
- Entities required to undertake work as part of the Buy Australian Plan will absorb any associated costs.

Key sensitivities

Australia's Free Trade Agreements

- The Buy Australian Plan will be implemented in a manner consistent with our international trade law obligations.

- Australia's trade agreements enable the Government to open international markets for Australian businesses, including for SMEs and Indigenous-owned businesses.

Commonwealth Procurement Rules

- Value for money remains the overarching consideration under the Commonwealth Procurement Rules – meaning Australian businesses must be competitive to win a tender.
  - This measure will leverage the Commonwealth Procurement Rules to remove barriers to businesses wishing to access Government purchasing opportunities.
  - For example, the Buy Australian Plan aims to open the door to more Government work for SMEs by decoding and simplifying procurement processes.
  - The Future Made in Australia Office will be working with industry and, state and territory governments to raise awareness of, and provide training on, how to obtain business with the Australian Government.
  - The Future Made in Australia Office incorporates the Centre of Procurement Excellence, and will be working across Government and with the Australian Public Service Academy to lift the capability of procurement and contract management officers.

Legislation

- Implementation of the Buy Australian Plan will consider the need for legislation to support the objectives of the Buy Australian Plan.

Background

- The 10-Point Buy Australian Plan commits to:
  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 (Lead agency: Department of Finance).
  2. Maximise opportunities for Australian businesses in major infrastructure projects (Lead agency: Department of Infrastructure, Transport, Regional Development, Communications and the Arts).
  3. Open the door to more government work for more small and medium businesses by decoding and simplifying procurement processes (Lead agency: Department of Finance).
  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 (Lead agency: Department of Employment and Workplace Relations).
  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 (Lead agency: National Indigenous Australians Agency).

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 (Lead agency: the Treasury).
7. Supporting industry sectors through the government's purchasing power (Lead agency: the Department of Industry, Science and Resources).
8. Use government spending power to take action on climate change and support energy projects (Lead agency: Department of Climate Change, Energy, the Environment and Water).
9. Strengthen Defence industries and capability (Lead agency: Department of Defence).
10. Make National Partnerships work to maximise the use of local workers and businesses (Lead agencies: the Treasury, Prime Minister and Cabinet).

Contact: Sabrena King Finance (m) s22 [redacted]

2022-23 October Budget Update Issues Brief no. 64

PURPOSE-BUILT QUARANTINE CENTRES

Key Message

- The Government is continuing to support the Purpose Built Quarantine Centres in Melbourne, Brisbane and Perth, including through additional funding over four years from 2022-23.

Key facts and figures

Maintenance Costs for the Purpose-Built Quarantine Centres

- The Department of Finance (Finance) has completed construction on Purpose Built Quarantine Centres (Centres) in Melbourne, Brisbane and Perth within the total budget of $1.367 billion and with a capacity of 1,000 places in Melbourne and 500 places each in Brisbane and Perth.
- The Government will provide additional funding over four years from 2022-23 to Finance and the Department of Defence (Defence) for ongoing maintenance of the Centres in Melbourne and Brisbane.
  - No additional funding is needed at this time for the Perth Centre while Western Australia operates the facility under the existing licence agreement for 2022-23. This licencing arrangement will expire in September 2023.
  - The financial implications for this measure are not for publication due to ongoing commercial negotiations.
- Additional funding will ensure the Centres are maintained and can respond to a range of Commonwealth and State (Victoria, Queensland and Western Australia) policy objectives. This will assist agencies to stand up capability and capacity for a variety of uses such as future quarantine and isolation, resilience requirements including for floods, bushfires and other emergencies, accommodation to address skilled migration, and Defence requirements.

Additional funding

<u>Centre in Melbourne</u>

- Funding is required for Finance to maintain the Melbourne Centre under a baseline property care and maintenance arrangement so that it is ready to mobilise for national resilience purposes such as health, humanitarian or emergency responses.
- This funding will provide for upkeep of the facility including repairs and maintenance on specialised equipment related to ventilation systems, as well as expenditure on waste removal, periodic cleaning, utilities, fire protection, security, pest control, grounds maintenance, unplanned maintenance and general administrative costs.

- Additional funding will be required to meet operational costs prior to mobilisation to respond to future health emergencies or other crises.

Centre in Brisbane

- Funding is required for Defence to maintain the Brisbane Centre under a baseline property care and maintenance arrangement, to facilitate Defence use and provide capacity for resilience purposes, including for use by the National Emergency Management Agency.
  - The stand-up, operating and maintenance costs of the Brisbane Centre in 2022-23 will be absorbed from existing Finance and Defence funding.

Background

- On 27 October 2021, the previous Government approved a total funding envelope of $1.367 billion for the construction of three purpose-built quarantine Centres in Mickleham (Melbourne), Pinkenba (Brisbane) and Bullsbrook (Perth). All three Centres are complete.
- The Centre in Melbourne was completed in stages, with the initial stage completed on 31 December 2021. COVID-19 Quarantine Victoria (CQV), an executive agency of the Victorian Government with responsibility for quarantine accommodation services in Victoria, was provided with shared access to the site from this date to support preparatory activities for accepting quarantine guests. The first stage was then formally handed over to CQV on 31 January 2022, and the second (final) stage handed over on 11 March 2022.
- The Centres in Brisbane and Perth are also complete. The first stage of the Perth Centre could have been made available to the Western Australian Government on 16 May 2022 and the first stage of the Brisbane Centre to the Queensland Government on 14 July 2022, both under shared access arrangements. Neither State accepted these arrangements, due to the changing requirements for quarantine of international and domestic arrivals.

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REFERENDUM LEGISLATIVE REFORM

Subject/Issue

Finance is reviewing the *Referendum (Machinery Provisions) Act 1984* (Referendum Act) in anticipation of a potential referendum.

Key facts and figures

- To support preparations to deliver a referendum to enshrine an Aboriginal and Torres Strait Islander Voice to Parliament in the Constitution, the Government has allocated:
    - $50.2 million in 2022-23 to the Australian Electoral Commission (AEC), to prepare for the referendum; and
    - $0.8 million over 2 years from 2022-23 to Finance, to provide legal and policy advice in relation to the referendum.
- This is in addition to $160.0 million previously allocated for an Indigenous recognition referendum.
- The Government will also provide $16.1 million over 2 years from 2022-23 to the AEC to increase indigenous enrolment and participation in future electoral events.

Key points

- As would be expected before a referendum, Finance is reviewing the Referendum Act to ensure it is fit for purpose.
    - The *Referendum (Machinery Provisions) Act 1984 (Referendum Act)* has not been used since 1999.
- The legislative framework for referendums under the Referendum Act largely mirrors processes under the Electoral Act, however the Referendum Act may require further alignment in some areas.
- On 29 September 2022, the Minister for Indigenous Australians, the Hon Linda Burney MP announced that the Referendum Working Group (comprised of First Nations leaders) will consider potential modernisation changes to the Referendum Act.
- Questions about the Voice to Parliament and its potential constitutional enshrinement are most appropriately directed to the National Indigenous Australians Agency (NIAA) or the Attorney-General's Department (AGD).

If asked – Finance's role in developing referendum legislation/reforms

- Finance provides policy advice to Government on electoral matters, including on the legislative framework for holding a referendum.
- The Australian Electoral Commission is an operationally independent agency within the Finance portfolio that is responsible for the operational delivery of electoral events, including referendums.

If asked – when will the Government consider the findings of the Inquiry on constitutional reform and referendums

- The Government is considering its response to the Committee's recommendations (22 December 2021). Finance is leading the Government response to the Report.

Background

House of Representatives Standing Committee on Social Policy and Legal Affairs inquiry into constitutional reform and referendums

On 22 December 2021, the House of Representatives Standing Committee on Social Policy and Legal Affairs (the Committee) tabled a report entitled *Inquiry on constitutional reform and referendums.*

On 7 October 2021 the Department of Finance gave evidence to the inquiry relating to its responsibility for electoral matters and provided responses to six questions on notice on:

1. Reviews undertaken into how referendums are conducted;
2. Work done to review or update the Referendum Act to support a contemporary referendum;
3. Regulation of social media and digital platforms during referendum debates;
4. Regulation of foreign donations to referendum campaigns; and
5. Comparative analysis of referendum mechanisms in other democracies.

The Committee's report made ten recommendations, including reforms to the *Referendum (Machinery Provisions) Act 1984:*

- four (recommendations 1, 2, 3 and 5) related to conducting public awareness and education programs for schools and Australian citizens on constitutional and referendum matters;
- two (recommendation 4 and 9) related to the establishment of a parliamentary committee to review the constitution with an Independent Expert Panel established to provide advice to the new committee on the framework in the lead up to a referendum; and
- four (recommendation 6, 7, 8 and 10) related to the conduct of periodic reviews, alignment with the Electoral Act and the Referendum Act framework.

Previous parliamentary inquiries on the Referendum Act

A prior parliamentary inquiry into the Referendum Act was conducted by the former House of Representatives Standing Committee on Legal and Constitutional Affairs, which reported on 11 December 2009. The Committee made 17 recommendations to reform the Referendum Act. The previous Government amended the Referendum Act through the *Referendum (Machinery Provisions) Amendment Act 2013* in May 2013, with amendments responding to two of the recommendations at that time (3 – A yes/no pamphlet to be sent to every household, not every elector; and 11 - Suspending the operation of section 11(4) to allow for broader Commonwealth spending until the 2013 election only.

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CAMPAIGN ADVERTISING AND EXPENDITURE (INCLUDING CAMPAIGNS RUNNING IN THE MEDIA ABOVE $250K)

Subject/Issue

Campaign advertising activity and media expenditure.

Key facts and figures

- *Campaign advertising:*
  - informs the community and helps to change behaviours
  - totalled $239.6 million in 2021–22
  - arrangements for independent review are being finalised including committee appointments.
- *Campaign advertising governance*
  - *Interim Guidelines on Information and Advertising Campaigns* are in place and require accountable authorities to certify that proposed campaigns comply with the Guidelines.
- 2021–22 campaign advertising expenditure by medium is detailed below.

	Expenditure ($ million)								**Expenditure ($ million)**	
Media Channel	TV	Press	Radio	Magazine	Digital	Out of Home	Cinema	TOTAL	Ethnic	Indig.
Total	74.0	15.0	32.4	0.4	74.4	37.0	6.3	**239.6**	17.6	6.5

Note: Ethnic and Indigenous is a sub-component of $239.6m
Figures are rounded to one decimal place. Discrepancies in tables between totals and sums of components are due to rounding.
All figures are gross media spend (exclusive of GST).

If asked about total advertising expenditure for 2022–23

- Total campaign advertising expenditure for 2022–23 (July and August) is $20.6 million.

If asked about expenditure with individual media outlets

- The disclosure of the Australian Government's expenditure with individual media outlets could have an adverse effect on the Government's ability to secure competitive media rates and, as a result, this commercially sensitive information is not released.

Grattan Institute Report, Depoliticising taxpayer-funded advertising: if asked, will the Government include an independent review process to provide advice on campaign advertising Guidelines compliance?

- The Government will be appointing an independent committee to review government advertising. Review of campaign advertising activity by an Independent Communications Committee (ICC) was established in 2010.
- After the 2013 Election, the first meeting of an ICC was held on 27 March 2015. Interim arrangements with no independent review were in place before that first ICC meeting.

If asked will the Independent Committee review creative material?

- The Committee will review a proposed campaign's communication strategy, research and media. Ultimately it is a matter for the accountable authority to certify a campaign complies with the Guidelines. This approach is consistent with the framework under the previous Government.
- The ANAO undertakes regular audits of the advertising framework. In the latest Australian National Audit Office (ANAO) report released in February 2022, it stated that the ICC review process provides effective assistance to decision-makers.

If asked about the politicisation of government advertising?

- The Guidelines are very clear on this issue under Principle 3, 'campaigns need to be objective and not directed at promoting party political interests'.

If asked about campaigns currently running in the media

Campaigns currently running in the media above $250,000

Agency	***Campaign***
Australian Taxation Office	*Director ID* *Aims to raise awareness and encourage application of Director ID.*
Department of Agriculture, Fisheries and Forestry	*Foot and Mouth Disease* *Aims to raise awareness among Australians and international travellers and recipients of international mail of the danger that Foot-and-Mouth Disease presents to Australia.*
Department of Defence	*Defence Force Recruiting* *Aims to generate sufficient enquiries for positions available in the Defence Force and to educate audiences in the diversity of roles in Defence.*
Department of Health	*COVID-19 Vaccine* *Aims to encourage uptake of the COVID-19 vaccination program.*
Department of Social Services	*Carer Gateway* *Aims to raise awareness and usage of carer gateway.*

If asked about budgets for specific campaign advertising activities

- Questions relating to specific budgets are best directed to the relevant entities undertaking campaign advertising activity.

Background

Campaign framework

Non-corporate entities subject to the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) undertaking advertising campaigns in Australia above the value of $250,000 are subject to the *Guidelines on Information and Advertising Campaigns* (Guidelines).

The Finance Minister can exempt a campaign from compliance with the Guidelines on the basis of a national emergency, extreme urgency or other compelling reason. Where an exemption is approved, the decision is formally recorded and reported to the Parliament as soon as is practicable.

Campaign advertising relates to major public communications and advertising activities. It does not include job specific recruitment, tender or public notice advertising (non-campaign advertising).

Government Communications Subcommittee

The Government Communications Subcommittee (GCS) of Cabinet provides oversight and coordination of Government advertising campaigns valued above $500,000.

- Chair: Senator the Hon Katy Gallagher
- Deputy Chair: the Hon Jason Clare MP
- Members: the Hon Tanya Plibersek MP, the Hon Mark Butler MP, Senator the Hon Don Farrell, Senator the Hon Murray Watt.

Australian National Audit Office ANAO – Audit of Campaigns 2021-22 report

On 17 February 2022, the ANAO published its report *Australian Government Advertising: May 2019 to October 2021*. Overall, the audit report concludes that Finance has been 'effective' in its whole-of-government administration of the campaign advertising framework. The ANAO directed one recommendation to Finance for response:

> *The Department of Finance clarify the application of certification requirements for public relations activities under the 2020 Australian Government Guidelines on Information and Advertising Campaigns by non-corporate Commonwealth entities.*

Finance agreed the recommendation and will continue to work with Commonwealth entities to support their understanding of the Guidelines. The ANAO also noted that Finance has been effective with options for responding to previous ANAO performance audit recommendations.

Grattan Institute

A report by the Grattan Institute 'New politics: Depoliticising taxpayer-funded advertising', released on 9 October 2022, states that, 'Abuse of taxpayer-funded advertising is rife in Australia, with governments routinely spending public money to spruik their own achievements, especially in the lead up to elections'.

The report includes a number of recommendations including measures to,' legislate tighter rules for taxpayer-funded advertising', 'strengthen the approval process' and 'enforce the rules with real penalties'.

The Report's recommendations are:

Legislate tighter rules for taxpayer-funded advertising

- Taxpayer-funded advertising campaigns should encourage specific actions or drive behaviour change.
- Campaign messages should be instructive, and the spending proportionate to achieving the purpose. The campaign should be timed to run when it will be most effective.
- Campaign materials should not promote the government, or the party in government, or their policies.

Strengthen the approval process

- An independent panel should assess compliance of final campaign materials against the rules. If the panel deems a campaign to be politicised, or otherwise not value for money, it should not run.
- The Finance Department should report on campaigns in real-time, including costs and compliance with the rules.

Enforce the rules with real penalties

- Auditors-General should conduct regular reviews of government advertising. If an Auditor-General finds that a campaign was approved by the minister without certification from the independent panel, or that the minister changed the campaign after certification, the governing party should be liable to pay the entire cost of the campaign.

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PUBLIC SECTOR SUPERANNUATION SALARY LEGISLATION AMENDMENT ACT 2022

Subject/Issue

The *Public Sector Superannuation Salary Legislation Amendment Act 2022* (PSSSLA Act) retrospectively repealed paragraph 5(e) of the *Superannuation (Salary) Regulations* to remove the value of Commonwealth provided rent-free housing from the calculation of an employee's default superannuation salary with effect from 1 July 1986.

Key facts and figures

- Three Department of Foreign Affairs and Trade (DFAT) employees made a Federal Court claim contending that rent-free housing they received from the Commonwealth came within paragraph 5(e) of the Regulations.
- An adverse finding in the case could affect more than 10,000 current and former Commonwealth employees and increase Commonwealth superannuation costs by $3 billion to $8 billion (indicative).
- Legislation to address the issue was introduced into Parliament on 3 August 2022, passed on 4 August 2022 and received the Royal Assent on 9 August 2022.

Key points

- The PSSSLA Act regularises the Commonwealth's longstanding practice and ensures that superannuation benefits remain as they were understood and intended by Commonwealth employers and employees for many years.
- The PSSSLA Act was necessary to address the significant, widespread, unintended and inequitable outcomes for Commonwealth employees and the Commonwealth of a potential adverse finding by the Federal Court, including:
    - some affected Commonwealth employees receiving significant windfall increases in superannuation benefits well beyond community standards – in some cases in the millions of dollars;
    - affected Commonwealth employees incurring unexpected debts for unpaid member contributions - in some cases in return for little or no increase in superannuation entitlements; and

  - significant additional budgetary costs as the Commonwealth would have to pay for the increase in superannuation entitlements and for shortfalls in employer contributions over decades.

- The repeal of paragraph 5(e) commenced from the date of introduction of the Fringe Benefits Tax regime on 1 July 1986 as prior to that date employees who received rent-free housing would have paid income tax on the value of the housing, minimising the potential for it not to be included in default superannuation salary.
- The PSSSLA Act does not affect Commonwealth employees (if any) with a superannuation salary that specifically included the value of rent-free housing provided to them from 1 July 1986 to 28 February 2022, as evidenced by superannuation contributions being paid on that basis.
- The Government's preference is to avoid retrospective legislation, however, in this case it was necessary to afford clarity and to avoid the potential significant undesirable and inequitable consequences.

If asked why the legislation was expedited through Parliament

- The Government considered it important to quickly pass the legislation to provide certainty to Commonwealth employers and employees alike.

If asked to explain the indicative increase in superannuation costs to the Commonwealth of $3 billion to $8 billion

- It was not possible to accurately determine the financial impact on the Commonwealth of a potential adverse decision in the Federal Court case, as it would have required entities to retrieve records going back decades, determine the value of rent-free housing provided and undertake actuarial calculations for each affected individual.
- The quoted range of $3 billion of $8 billion is indicative only.
- The range was calculated using actuarial analysis of a small sample of (74) Public Sector Superannuation Scheme members who may have been affected by the issue.
  - In practice members of other Commonwealth schemes and non-Commonwealth choice schemes would also have been affected by the issue.
- The actuarial analysis undertaken for this PSS sample indicated that the cost of increased benefits to the Commonwealth for the sample was on average $300,000 to $800,000 per person.
- By multiplying these lower and upper averages by 10,000 potentially affected current and former Commonwealth employees, the indicative

increase in nominal cash outflows of $3 billion to $8 billion over time was calculated.

If asked for a copy of the actuarial analysis used to calculate the indicative cost to the Commonwealth

- Any request for a copy of the actuarial analysis for the (74) individuals considered in the sample should be directed to the Department of Foreign Affairs and Trade, which obtained the analysis.

If asked about the impact of the retrospective legislation on the applicants in the Federal Court case

- I am unable to comment on the effect of the legislation on the applicants in the Federal Court case as that matter remains before the Federal Court.

Background

Peace & Ors v Commonwealth

DFAT has one legal claim (involving three current employees) before the Federal Court. The employees are claiming that the Commonwealth failed to make superannuation contributions in respect of the value of the housing provided to them during their overseas posting(s), as they allege was required by paragraph 5(e) of the *Superannuation (CSS) Salary Regulations 1978* (the Regulations).

Extract – The Repealed Regulation

Paragraph 5(e) of the Regulations – '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.*

Earlier Prospective Repeal of Rent-free Housing Regulation

Prior to retrospective repeal of paragraph 5(e) from 1 July 1986 via PSSSLA Act, the provision was repealed with prospective effect from 1 March 2022 via the *Superannuation (CSS) Salary Amendment (Housing Allowance and Rent-free Housing) Regulations 2022*.

Superannuation Salary in the Commonwealth Superannuation Schemes

Commonwealth employees are either members of, or otherwise able to become members of, the Commonwealth superannuation schemes. The legislation governing these schemes requires Commonwealth employer entities (and in some cases members) to make contributions based on a person's superannuation salary.

The Regulations prescribe a 'default' superannuation salary for this purpose, which includes certain recognised allowances. This previously included the value of housing allowance and rent-free use of housing where a person holds a particular office or performs particular duties or work.

The 'default' superannuation salary can be displaced by agreeing a superannuation salary through an enterprise agreement, individual agreement or other kinds of arrangements.

Passage of the PSSSLA Bill by the Parliament

The PSSSLA Bill received broad support in both Houses of Parliament. However, the Australian Greens indicated that they did not support the Bill on the basis that they did not know enough about it as it was being rushed through Parliament. They contended that normal parliamentary processes should apply to the Bill, particularly as the rent-free housing issue had been around for some time. Ms Monique Ryan MP (Independent) also voted against the Bill.

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PDR Number:	SB22-000095
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HOUSING AUSTRALIA FUTURE FUND

Subject/Issue

The Government has announced that it will establish the $10 billion Housing Australia Future Fund.

Key facts and figures

- The Government announced in the October 2022-23 Budget that it will establish the $10 billion Housing Australia Future Fund to be invested by the Future Fund Board of Guardians.
- Legislation is expected to be enacted in the 2023 Autumn sittings.
- Disbursements from the Housing Australia Future Fund will be used to fund social and affordable housing and other acute housing needs.
- Disbursements are expected to commence in 2023-24.

Key points

- In the first five years the Government intends to use disbursements from the Housing Australia Future Fund to build:
  - 20,000 social housing properties – 4,000 of which will be allocated to women and children fleeing domestic and family violence and older women on low incomes who are at risk of homelessness; and
  - 10,000 affordable homes for the frontline workers like police, nurses and cleaners who kept us safe during the pandemic.
- Over the same time period, the Fund will also provide:
  - $200 million for the repair, maintenance and improvements of housing in remote Indigenous communities;
  - $100 million for crisis and transitional housing options for women and children fleeing domestic and family violence and older women on low incomes who are at risk of homelessness; and
  - $30 million to build housing and fund specialist services for veterans experiencing homelessness or at risk of homelessness.
- The Government has also announced that it will rename the National Housing Finance and Investment Corporation (NHFIC) as Housing Australia and broaden it functions. Housing Australia will be responsible for administering the disbursements from the Housing Australia Future Fund to build the 30,000 social and affordable housing properties.

- The Finance portfolio is responsible for Housing Australia Future Fund component. Questions on the policy detail, including the use of disbursements, should be directed to the Social Services and Treasury portfolios.

Background

Housing Australia Future Fund

Consistent with other Australian Government Investment Funds, the Treasurer and the Minister for Finance will be the responsible Ministers for the investment of the Housing Australia Future Fund and will issue an investment mandate once the enabling legislation has passed.

In the lead up the 2022 election, the Government announced that it would establish a $10 billion Housing Australia Future Fund to be invested by the Future Fund Board of Guardians (Attachment A). The Housing Australia Future Fund will provide an ongoing funding stream to support new social and affordable housing and to meet a range of acute housing needs.

It is anticipated that the fund will sustain disbursements of up to $500 million per annum once the $10 billion of capital is fully invested.

New social and affordable housing

The Minister for Housing, will be responsible for the allocation of funding to deliver on the Government's targets. Housing Australia will be responsible for administering disbursements (Attachment B). The *Safer and More Affordable Housing* measure is at (Attachment C).

On 5 October 2022, the Australian published an article stating that the Australian Greens Party have threatened to block the Housing Australia Future Fund in the Senate unless the Government builds 275,000 public and affordable homes over five years and introduces a two-year national rent freeze (Attachment D). The article also noted that the Greens housing and homelessness spokesman Max Chandler-Mather stated

> "Right now, Australians need at least an extra 520,000 public and community homes, and that need increases by 14,000 homes every year,"
>
> "So Labor's plan to build 6,000 public, community and affordable homes a year won't even match the yearly increase in need, let alone tackle the crisis."

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Attachment A

Housing Australia Future Fund

An Albanese Labor Government will create a $10 billion off-budget Housing Australia Future Fund to build social and affordable housing and create thousands of jobs now and in the long term.

The Housing Australia Future Fund would be managed by the Future Fund Board of Guardians (chaired by Hon Peter Costello AC).

This is an independent body that currently manages six public asset funds (as of 31 March 2021):

- the Future Fund ($178.6 billion)
- the Medical Research Future Fund ($21.4 billion)
- the Aboriginal and Torres Strait Islander Land and Sea Future Fund ($2.0 billion)
- the Future Drought Fund ($4.4 billion)
- the Emergency Response Fund ($4.5 billion)
- the DisabilityCare Australia Fund ($15.3 billion)

Each year investment returns from the Housing Australia Future Fund will be transferred to the National Housing Finance and Investment Corporation (NHFIC) to pay for social and affordable housing projects.

Over the first 5 years the investment returns will build around:

- 20,000 social housing properties.
- 4,000 of the 20,000 social housing properties will be allocated for women and children fleeing domestic and family violence and older women on low incomes who are at risk of homelessness.
- 10,000 affordable housing properties for frontline workers

Similar to Social and Affordable Housing Fund (SAHF), established and operated by the current NSW Government, a proportion of the investment returns will fund annual service payments that will be paid to community housing providers over 25-years to bridge the gap between rental revenue and operating costs.

Service payments will not commence until dwellings are completed and all the other contracted services are in place.

This will directly support 21,500 full-time jobs across the construction industry and broader economy, per year, over 5 years, nationwide - one in 10 direct workers on site will be apprentices.

In addition to this, a portion of the investment returns will be available to fund acute housing needs in perpetuity. This funding will be used for additional crisis, transitional and long-term social housing in parts of the country with the greatest need.

In the first 5 years these investment returns will fund:

- $200 million for the repair, maintenance and improvements of housing in remote Indigenous communities, where some of the worst housing standards in the world are endured by our First Nations people.
- $100 million for crisis and transitional housing options for women and children fleeing domestic and family violence and older women on low incomes who are at risk of homelessness.
- $30 million to build more housing and fund specialist services for veterans who are experiencing homelessness or at-risk homelessness.

A total of $1.7 billion dollars will be allocated to women. $1.6 billion for long term housing, and an additional $100 million for crisis and transitional housing options for women and children fleeing domestic and family violence, and older women on low incomes who are at risk of homelessness.

This housing will be fully built in accordance with principles of universal design which enable access for people with disability.

Attachment B

National Housing Supply and Affordability Council

- An Albanese Labor Government will establish a National Housing Supply and Affordability Council, to ensure the Commonwealth plays a leadership role in increasing housing supply and improving housing affordability.
- The Council will be advised by experts from a diverse range of relevant fields including finance, economics, urban development, residential construction, urban planning and social housing sectors.
- Improvements in land supply and land use planning have the potential to improve housing affordability and provide a boost to national productivity and economic growth.

Labor's National Housing Supply and Affordability Council will:

- Set targets for land supply in consultation with State and Territory Governments.
- Collect and make public on a regular basis nationally consistent data on housing supply, demand and affordability. This includes the volume and price of land, material costs, availability of labour, training schemes, enabling infrastructure and time taken to navigate planning and development processes.
- Advise on ways to improve land use planning and land supply which will boost national productivity and improve housing affordability.
- Report on the release of government owned land.
- Report on rental affordability and homelessness.
- Report on the number of new social and affordable homes being built annually and advise on ways to boost the construction of social and affordable housing.
- Advise on appropriate housing measures to be included in all current and future City and Regional Deals.

The Council will also undertake any other related research it considers has a potentially material impact on housing supply and affordability.

The Council will also play a key role in the development and implementation of Labor's National Housing and Homelessness Plan.

National Housing and Homelessness Plan

The National Housing and Homelessness Plan will be developed with the support and assistance of key stakeholders including States and Territories, local government, not for profit and civil society organisations, industry bodies, superannuation funds and other experts in housing, finance and urban development.

Everyone from Master Builders Australia, the Property Council, Housing Industry Association and the Real Estate Institute of Australia to National Shelter, the Urban Development Institute of Australia, Homelessness Australia, Community Housing Industry Association and the Australian Council of Social Service have been calling for years for a National Housing and Homelessness Plan.

The National Housing and Homelessness Plan will set out the key short, medium and longer term reforms needed to make it easier for Australians to buy a home, easier to rent, and put a roof over the heads of more homeless Australians.

Housing Australia

An Albanese Labor Government will also expand the role and work of the National Housing Finance and Investment Corporation and rename it Housing Australia.

Housing Australia will be the home of the National Housing Supply and Affordability Council.

Housing Australia will also be the home of key national housing programs. This includes:

- Help to Buy
- Regional First Home Buyer Support Scheme
- Housing Australia Future Fund
- Existing programs currently run by the National Housing Finance and Investment Corporation

Attachment C

TREASURY

108085 - Safer and More Affordable Housing

Payments ($m)

	2021-22	2022-23	2023-24	2024-25	2025-26
Department of the Treasury	-	37.8	609.3	678.8	747.4
Related receipts ($m)					
Department of Finance	-	*216.8*	*440.3*	*386.2*	*385.1*

The Government will invest $10 billion in the newly created Housing Australia Future Fund, to be managed by the Future Fund Management Agency, to generate returns to fund the delivery of 30,000 social and affordable homes over 5 years and allocate $330 million for acute housing needs.

In the first 5 years these investment returns will fund:

- $200 million for the repair, maintenance and improvements of housing in remote Indigenous communities, where some of the worst housing standards in the world are endured by our First Nations people
- $100 million for crisis and transitional housing options for women and children fleeing domestic and family violence and older women on low incomes who are at risk of homelessness
- $30 million to build more housing and fund specialist services for veterans who are experiencing homelessness or at-risk homelessness.

The Government remains committed to ensuring that of the $10 billion fund, the returns from $1.6 billion will be directed to long term housing for women and children fleeing domestic and family violence, and older women on low incomes who are at risk of homelessness.

In addition, the Government will provide $348.6 million over 4 years from 2022-23 for a number of further initiatives to deliver more social and affordable housing. Funding includes:

- $324.6 million over 4 years from 2022-23 to establish the Help to Buy scheme to assist people on low to moderate incomes to purchase a new or existing home with an equity contribution from the Government
- $15.2 million over 4 years from 2022-23 (and $4.4 million per year ongoing) to establish a National Housing Supply and Affordability Council to support the Australian Government to develop housing supply and affordability policy through research and advice
- $0.5 million over 4 years from 2022-23 (and $0.1 million per year ongoing) to establish Housing Australia, by renaming and expanding the remit of the National Housing Finance and Investment Corporation, to deliver the Australian Government's social and affordable housing programs
- $8.3 million over 4 years from 2022-23 to the Treasury and Housing Australia to administer the Housing Australia Future Fund.

The Government will also:

- establish the Regional First Home Buyers Guarantee to support eligible citizens

Treasury

and permanent residents who have lived in a regional location for more than 12 months to purchase their first home in that location with a minimum 5 per cent deposit, with 10,000 places per year to 30 June 2026, by redirecting funding from the Regional Home Guarantee component of the 2022-23 March Budget measure titled *Affordable Housing and Home Ownership*, with no financial impact

- broaden the remit of the National Housing Infrastructure Facility to directly support new social and affordable housing in addition to financing critical housing infrastructure, with no financial impact, as announced at the Jobs and Skills Summit.

This measure implements the Government's election commitments as published in the *Plan for a Better Future*.

See also the related payments measures titled *Housing Accord* in the Treasury Portfolio and *National Housing and Homelessness Plan* in the Social Services Portfolio.

Attachment D

Freeze rents or we'll block Labor housing bill: Greens

By Geoff Chambers, The Australian
Wednesday 5th October 2022 at 12:00am |

The Greens have threatened to block Anthony Albanese's $10bn Housing Australia Future Fund in the Senate unless the government builds 275,000 public and affordable homes over five years and introduces a two-year national rent freeze.

Ahead of the government putting its centrepiece housing legislation into the parliament following the October 25 budget, the Greens are pushing three demands in return for their support, including $5bn investment in maintenance and upgrades for existing public housing.

Investment returns from the Housing Australia Future Fund will build 30,000 new social and affordable housing properties in its first five years and support 21,500 jobs.

Greens housing and homelessness spokesman Max Chandler-Mather, who alongside Adam Bandt will lead negotiations with the government, said Labor's plan “will not only fail to fix the crisis, the situation will get worse”.

“Right now, Australians need at least an extra 520,000 public and community homes, and that need increases by 14,000 homes every year,” Mr Chandler-Mather said.

“So Labor's plan to build 6000 public, community and affordable homes a year won't even match the yearly increase in need, let alone tackle the crisis.

“Labor plans on spending $244bn on the stage three tax cuts for the rich, and just $10bn on housing, while doing nothing for renters.

“(The) plan means more single mums living in their cars, more renters facing eviction, and more pensioners skipping a meal to pay the rent.”

Parliamentary Library analysis prepared for the Greens projects the nation's public and community housing levels will fall to historic lows under Labor's housing plan.

Public housing has fallen from a peak of 7.1 per cent of all homes in Australia in 1991 to 3.7 per cent.

The Greens, who want to introduce a national two-year rent freeze as part of new national tenancy standards, claim Labor's policy will push those levels to 3.3 per cent in 2032.

Mr Chandler-Mather said 275,000 new public and affordable homes would be enough to wipe out the existing waiting list and put Australia on the path to building one million homes over the next 20 years.

“In the middle of one of the worst housing crises in Australia's history, Labor's plan will not only fail to fix the crisis, the situation will get worse,” he said.

“The Greens are fighting for vital improvements to this bill to make life a little more manageable for the millions of Australians struggling to pay the rent or buy a house or keep a roof over their head.”

Labor says investment returns from the Housing Australia Future Fund will fund $200m for repair and maintenance of remote indigenous housing, $100m for women's crisis housing and $30m to build more housing for veterans who are at-risk of homelessness.

Chandler-Mather

EMERGENCY RESPONSE FUND AMENDMENT (DISASTER READY FUND) BILL 2022

Subject/Issue

The Emergency Response Fund Amendment (Disaster Ready Fund) Bill 2022 (Disaster Ready Fund Bill) was passed by the House of Representatives on 27 October 2022.

Key facts and figures

- Implements the Government's commitment to amend the Emergency Response Fund to focus on natural disaster resilience and risk reduction.
- Renames the Fund and refocuses it to disburse up to $200 million per year from 1 July 2023, solely to build resilience to, and enhance preparedness for, natural disasters.
- Maintains previously announced 2022-23 Emergency Response Fund commitments.

Key points

- On 7 September 2022, the Disaster Ready Fund Bill was referred to the Senate Standing Committee on Finance and Public Administration. The Committee is scheduled to publish its final report on 16 November 2022.
- The Disaster Ready Fund Bill will:
    - establish the Fund as a dedicated ongoing source of funding for natural disaster resilience and risk reduction by providing up to $200 million per year;
    - rename the Fund as the Disaster Ready Fund;
    - require the responsible Ministers, in consultation with the Future Fund Board of Guardians (Board), to review the maximum disbursement amount at least every five years to ensure that the level of funding remains appropriate;
    - allow the responsible Ministers (in consultation with the Board) to adjust the annual disbursement amount through a disallowable legislative instrument, ensuring appropriate scrutiny by the Parliament;

  - transfer administrative responsibilities for the Disaster Ready Fund from the former Natural Recovery and Resilience Agency to the new National Emergency Management Agency; and
  - make administrative amendments to streamline the operation of the Fund.
- The Disaster Ready Fund Bill enables the recovery and resilience measures announced in the March 2022-23 Budget to be funded by 30 June 2023.
- From 1 July 2023, the Disaster Ready Fund will focus solely on natural disaster resilience building initiatives. Funding is contingent on States and Territories submitting eligible project proposals.

If asked about the advice from the Future Fund Board

- Before making a determination to change the maximum annual disbursement, the Bill requires the responsible Ministers to consult the Board on its ability to comply with the Act and the investment mandate and have regard to any advice received.
  - This is designed to ensure that the responsible Ministers are informed of any potential impacts on the Board and its ability to invest the funds in line with its obligations under the Act and investment mandate before proposing any adjustment to the amount applicable to a specified financial year.
- Any legislative instruments that propose an amendment to the amount applicable to a specified financial year would be accompanied by an explanatory statement, which would describe the reasons for the proposed amendment.
  - This would include an overview of the Ministers' consultation with the Board and how the Board's advice was taken into consideration.
  - The explanatory material would set out a broad range of relevant factors being considered, rather than being limited to the advice of the Board in respect of its investment functions and obligations.
- The Parliament would retain oversight via the disallowance process and could choose to exercise its disallowance powers—for example, in circumstances where it does not believe that the responsible Minsters have appropriately described or justified a change to the maximum disbursement amount.
- Further, the Bill would not preclude the Finance Minister from publishing the Board's advice, including under existing section 55 of the amended

Act, providing the advice did not contain any commercial or sensitive information.

Will the Government take steps to prevent the Future Fund from investing in assets that contribute to global warming?

- The *Future Fund Act 2006* established the Future Fund Board of Guardians as an independent investor at arm's length from Government.
- Section 18 of the Future Fund Act (and corresponding sections of all other investment funds Acts) requires the Board to seek to maximise the return earned on the Fund consistent with international best practice for institutional investment.
- The Board has publicised its investment strategy including its approach to effective management of environmental, social and governance risks.
- No Government has taken steps to limit the range of investments made by the Board in any of the six investment funds.
- Questions about the investment strategy, including any specific investments, should be directed to the Future Fund.

Background

The Government made an election commitment to establish a Disaster Ready Fund (by refocusing the existing Emergency Response Fund). The election commitment and supporting factsheet are at Attachment A and Attachment B respectively.

In the 2022-23 October Budget, the Government announced that it will provide $630.4 million over four years to strengthen Australia's resilience to Natural Disasters and to repurpose the Emergency Response Fund (Attachment C). The Minister announced that the Government has committed $1 billion over five years from the Disaster Ready Fund to reduce the physical, economic and the psychological impacts of disasters on Australian communities (Attachment D).

Emergency Response Fund Amendment (Disaster Ready Fund) Bill 2022

The Bill amends the *Emergency Response Fund Act 2019* to provide an ongoing source of funding to build resilience against future natural disasters. Up to $200 million per year will be available to fund natural disaster mitigation initiatives from 1 July 2023.

The Bill requires the responsible Ministers to review the maximum disbursement amount at least every five years. If it is determined that the limit should be adjusted, the responsible Ministers have the flexibility to do this through a disallowable legislative instrument. Prior to making a legislative instrument, the Board must be consulted to confirm that any proposed adjustment will not impact its ability to continue to comply with its obligations under the Disaster Ready Fund Act and the Disaster Ready Fund Investment Mandate. The responsible Ministers will also consult the Minister for Emergency Management as part of this process.

Following Royal Assent, the Treasurer and the Minister for Finance will issue an updated Disaster Ready Fund Investment Mandate to reflect the new Disaster Ready Fund name.

On 27 October 2022, the Government introduced amendments in the House of Representatives to correct minor technical cross-referencing errors to ensure the Bill achieves the intended policy outcomes. The Bill and the amendments were passed by the House of Representatives on 27 October 2022.

Senate Standing Committees on Finance and Public Administration (Committee)

On 7 September 2022, the Disaster Ready Fund Bill was referred to the Committee due to '…the complicated and huge ramifications for disaster affected communities…'. Public Hearings were held on 18 October 2022.

The Committee received 17 submissions with all submissions being broadly supportive of the amendments in the Disaster Ready Fund Bill. Four submissions called for a small percentage of Funds to be allocated to low likelihood but catastrophic disasters such as the recent Covid-19 pandemic. Other submissions called for more detail on the projects that the Government intends to fund. The Committee is scheduled to publish its final report on 16 November 2022.

Date:	28 October 2022
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Consultation:	Home Affairs Agency Advice Unit
PDR Number:	SB22-000097
Last Printed:	23/11/2022 4:10 PM

Attachment A

Disaster Readiness

Improving Australia's disaster readiness

An Albanese Labor Government will improve Australia's disaster readiness by investing up to $200 million per year on disaster prevention and resilience.

Thousands of Australians who face bushfires, floods and cyclones every year deserve to be protected by a Federal Government who plans ahead and invests to keep them safe.

Labor's Disaster Ready Fund will curb the devastating impacts of natural disasters by investing in important disaster prevention projects like flood levees, sea walls, cyclone shelters, evacuation centres, fire breaks and telecommunications improvements.

Labor's Plan for Disaster Readiness will also:

- Continue to fully fund disaster recovery through the existing Disaster Recovery Funding Arrangements
- Cut red tape so disaster resilience funding can get out the door faster
- Improve the efficiency of disaster recovery processes, to simplify and speed up payments to disaster victims and repairs to damaged infrastructure.
- Assist with spiralling insurance premiums in disaster-prone regions, by reducing the risk of expensive damage to homes and businesses.

If matched by State, Territory or local governments, it would provide up to $400 million annually for investment in disaster prevention and resilience - something called for by groups as broad as the Government's own Productivity Commission, insurers, local governments and disaster relief bodies.

These investments will literally save lives, not to mention the taxpayers' funds that have to be spent on recovery and repairs when disasters hit.

In contrast, the Morrison Government has sat on a $4.8 billion Emergency Response Fund that has done nothing to help.

In the three years after it was announced, the ERF did not spend a cent on disaster recovery and has not completed a single disaster prevention project. The only thing it has done is earn the Government over $800 million in investment returns.

Only now, on the eve of an election has the Morrison Government promised to use any of this funding.

As with COVID-19, the Morrison-Joyce Government's failure to plan and prepare for natural disasters has left Australians vulnerable.

It doesn't have to be this way. We know weather events are on the horizon – we have the smarts and the resources to prepare and prevent. We just need a government with a plan.

Only an Albanese Labor Government will keep Australians safe and communities strong in the face of natural disasters.

Authorised by P. Erickson, ALP, Canberra

Attachment B

Prevent, prepare, rebuild.

Labor's plan for disaster readiness

FACTSHEET

The Morrison Government announced that it would establish a new Emergency Response Fund in April 2019. It became operational in December 2019, allowing the government to draw up to $200 million annually for disaster recovery and resilience.

The ERF is divided into two parts:
Up to $150 million each financial year to fund emergency response and recovery following natural disasters that have a significant catastrophic impact

Up to $50 million each financial year to build resilience to prepare for or reduce the risk of future natural disasters (eg flood levees, cyclone shelters, fire breaks, telecommunications improvements)

We are now in our third disaster season since the ERF was announced. It could have spent up to $600 million to assist with disaster recovery and prevention.

As of 24 November 2021, only $17.2 million has been expended from this fund. The ERF has not spent a cent on disaster recovery and has not completed a single disaster prevention project.

Instead, as of 30 June 2021, the ERF has earned $751 million for the Government in investment returns. It has boosted the Government's bottom line, without helping disaster victims or those at risk of future disasters.

It is another example of the Morrison Government making announcements, but not delivering.

Labor's Plan for Disaster Readiness

Labor's Plan for Disaster Readiness will prevent and prepare for future natural disasters and will rebuild after they occur.

We will do this by:
significantly increasing Federal investment in disaster prevention and resilience, by revamping the Morrison Government's failed Emergency Response Fund; and

improving the efficiency of disaster recovery processes through cooperation with the States, Territories and disaster-prone communities.

Labor will revamp the ERF by turning it into a dedicated, ongoing disaster prevention and resilience fund.

Labor's Disaster Ready Fund will curb the devastating impacts of natural disasters by investing in important disaster prevention projects like flood levees, sea walls, cyclone shelters, evacuation centres, fire breaks and telecommunications improvements

If matched by State, Territory or local governments, it would provide up to $400 million annually for investment in disaster prevention and resilience - something called for by groups as broad as the Government's own Productivity Commission, insurers, local governments and disaster relief bodies.

The Disaster Ready Fund will curb the devastating impacts of natural disasters by investing in important disaster prevention projects like flood levees, sea walls, cyclone shelters, evacuation centres, fire breaks and telecommunications improvements.

In the short term, this will create local jobs, put downward pressure on insurance premiums and assist regions in COVID recovery. In the long term, investing in mitigation now will save the Federal Government money. It is accepted by the emergency management community that $1 invested into disaster mitigation will save $2 in disaster recovery.

Labor's Plan for Disaster Readiness will also:
continue to fully fund disaster recovery through the existing Disaster Recovery Funding Arrangements

cut red tape so disaster resilience funding can get out the door faster

improve the efficiency of disaster recovery processes, to simplify and speed up payments to disaster victims and repairs to damaged infrastructure.

assist with spiralling insurance premiums in disaster-prone regions, by reducing the risk of expensive damage to homes and businesses.

Labor's plan for disaster readiness

FACTSHEET

Authorised by Paul Erickson, ALP, Canberra

Attachment C
(Budget Paper 2, page 147)

Disaster Ready Fund

Payments ($m)

	2021-22	2022-23	2023-24	2024-25	2025-26
National Emergency Management Agency	-	30.4	200.0	200.0	200.0

The Government will provide $630.4 million over 4 years from 2022–23 to strengthen Australia's resilience to disasters. Funding includes:

- up to $200.0 million per year from 2023–24 for the Disaster Ready Fund to co-contribute in support of resilience projects nominated by the state and territory governments to strengthen Australia's disaster readiness and resilience
- $30.4 million in 2022–23 to implement disaster resilience initiatives across 30 local government areas.

The Disaster Ready Fund will repurpose the existing Emergency Response Fund to reduce potential disaster loss and damage to Australian communities. The Government will continue to fund disaster responses under the Disaster Recovery Funding Arrangements.

This measure delivers on the Government's commitment as published in the *Plan for a Better Future*.

Attachment D

Wednesday, 26 October 2022

One billion dollars for Australia's first disaster ready fund

The Albanese Government's commitment to better invest in disaster risk reduction is underscored by the flagship Disaster Ready Fund.

Federal Minister for Emergency Management Murray Watt said the injection of up to one billion dollars over five years to mitigate potential disaster loss and damage comes at a critical time for Australians.

"As communities across the nation once again face hardship from compounding natural disasters, this Government has delivered on its promise to focus disaster spending on where it will have the greatest impact," said Minister Watt.

"By committing to a billion dollars under the Disaster Ready Fund over the next five years as part of the 2022-23 Budget, the Albanese Government will reduce the physical, economic and the psychological impacts of disasters on Australian communities.

"We can't stop every flood, fire or cyclone.

"But with the severity, intensity and frequency of disasters set to increase, Australia must improve its overall recovery and response capability and encourage greater investment in disaster risk reduction.

"By protecting lives and properties, we can also help Australians deal with rising insurance costs."

The Disaster Ready Fund will curb the devastating impacts of natural hazards by investing in important disaster prevention projects.

Projects will include direct investment in infrastructure, for example flood levees, floodways, seawalls, firebreaks, constructed wetlands and reefs.

Projects that target systemic risk reduction to improve the quality and impact of the response to future disasters will also be eligible.

SHARED SERVICES PROGRAM

Subject/Issue

The Shared Services Program will enable APS entities to focus on core priorities through sustainable and efficient corporate shared services arrangements.

Key facts and figures

- The Shared Services Program was established in 2014-15.
- The Program seeks to:
  - consolidate and standardise the delivery of corporate back-office services into centres of excellence, known as provider hubs; and
  - build and deliver a common corporate technology platform (GovERP) for use by APS agencies.
- Around 100 non-corporate Commonwealth entities and over 130,000 ASL are in-scope of the Program.
- To-date $398.6 million has been invested in shared services, including for:
  - the initial establishment of the provider hubs;
  - supporting agencies to transition to provider hubs;
  - building and delivering the common technology platform, GovERP;
  - the on-boarding the Service Delivery Office (SDO) and 14 of its client agencies to GovERP platform as the first use case; and
  - planning to support additional agencies on-boarding to GovERP.
- The Program envisages a 10-year implementation approach and to-date has delivered:
  - savings of $122.7 million to 30 June 2022, with ongoing savings of $16.8 million per annum[1]. Further efficiencies from the Program will flow after the GovERP platform is built and agencies on-board;
  - five shared services provider hubs which currently delivery corporate services to 30 Commonwealth entities; and
  - streamlined manual processes, improved timeliness and user experience through a range of initiatives.

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[1] The program's full savings are $135.6 million over 6 years to 30 June 2022, however $12.9 million in savings from the Department of Defence was re-invested in Defence ERP capability.

GovERP

- GovERP aims to:
  - consolidate approximately 170 disparate corporate ICT systems across the APS;
  - deliver a shared enterprise resource planning (ERP) platform that can be used by APS entities; and
  - accommodate two ERP technologies, one is based on SAP software and a second based on TechnologyOne and Aurion software.
- Services Australia are currently building the SAP solution for GovERP. This is scheduled to be completed in 2023. Questions on the progress with SAP solution for GovERP should be directed to Services Australia.
- The Technology One and Aurion solution is being progressed by the Department of Industry, Science and Resources.

Key points

- The Shared Services Program is seeking to transform the operation of the APS by consolidating and standardising the delivery of corporate services, including payroll, finances, human resources, travel and expense management, and procurement activities.
- The Program will reduce spending on corporate services for the APS, allowing APS resources to be freed up to focus on front line service delivery.
- Finance is working with Services Australia, including:
  - in preparing to on-board Finance's Service Delivery Office and its 14 client agencies; and
  - on the future direction of the Shared Services Program, including GovERP.
- The future direction of the Shared Services Program is being considered to determine the most appropriate way forward.

Background

- The Government spends around $1 billion each year on back office functions like financial management and human resources services in the APS.
  - Approximately 6,500 staff across the APS undertake corporate service roles to support agency essential corporate activities
- Over 170 Enterprise Resource Planning (ERP) systems were in use across the APS in 2016.
  - Approximately 40 in-scope entities use SAP, comprising around 80% of ASL.
  - Over 50 in-scope entities use Technology One and Aurion or other small agency solution, comprising around 20% of ASL.
  - SAP's current technology, ECC6, is being replaced with S/4 HANA. ECC6 standard support will cease from 2027.
- The Shared Services Program aligns with the *Independent Review of the Australian Public Services*, which recommended the provision of common enabling tools for APS employees and the use of common or interoperable services.
- All non-corporate Commonwealth entities are in scope, with three currently deferred. Three Corporate Commonwealth Entities have opted in.

Date:	20 October 2022
Cleared by (SES):	Lucelle Veneros
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Consultation:	Nil
PDR Number:	SB22-000098
Last Printed:	23/11/2022 3:52 PM

MONTHLY FINANCIAL STATEMENTS

Subject/Issue

The July and August 2022 Monthly Financial Statements (MFS) have been delayed due to the timing of the 2022-23 October Budget.

Key facts and figures

July, August and September 2022 year to date results

- The July, August and September 2022 MFS were released on Friday, 28 October 2022, and are compared against the 2022-23 March Budget profile.

AGGREGATES(a)	ACTUAL 2022-2023 July $b	ACTUAL 2022-2023 YTD August $b	ACTUAL 2022-2023 YTD September $b	MARCH BUDGET ESTIMATE* 2022-2023 FULL YEAR $b
Receipts(b)	**41.2**	**92.4**	**136.4**	**547.6**
Payments(c)	**55.1**	**104.1**	**151.5**	**625.6**
Underlying cash balance	**-13.9**	**-11.7**	**-15.2**	**-78.0**
Headline cash balance	**-15.7**	**-13.2**	**-16.6**	**-90.8**
Revenue	45.6	96.7	137.5	560.9
Expenses	55.3	106.0	152.5	628.5
Net operating balance	**-9.7**	**-9.3**	**-15.0**	**-67.5**
Net capital investment	-0.3	0.0	0.8	11.3
Fiscal balance	**-9.3**	**-9.4**	**-15.7**	**-78.8**
Total assets	**733.6**	**738.1**	**740.3**	**777.2**
Total liabilities	**1,348.3**	**1,331.8**	**1,330.7**	**1,434.8**
Net worth(d)	**-614.7**	**-593.7**	**-590.4**	**-657.5**
Net debt(e)	**557.4**	**532.1**	**520.6**	**714.9**

*As published in the 2022-23 March Budget.
(a) Discrepancies in tables between totals and sums of components are due to rounding.
(b) Cash receipts for operating ac ivities and sales of non-financial assets.
(c) Cash payments for operating activities, purchases of non-financial assets and net cash flows from financing activities for leases.
(d) Net worth is calculated as total assets minus total liabilities.
(e) 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).

- The **underlying cash balance deficit** for the financial year to 30 September 2022 was **$15.2 billion**, which was $17.3 billion lower (better) than the 2022-23 March Budget profile deficit of $32.4 billion.
  - Total **receipts were $19.0 billion higher (better)** than the 2022-23 March Budget profile, primarily driven by higher taxes received ($16.2 billion) and non-tax receipts ($2.8 billion).
  - Total **payments were $1.7 billion higher (worse)** than the 2022-23 March Budget profile primarily driven by higher personal

benefit payments ($1.9 billion) and payments for goods and services ($1.3 billion), partially offset by lower grants and subsidies paid ($1.8 billion).

- A breakdown of the main programs contributing to the variance for total payments is provided at <u>Attachment A</u>.

- The **net operating balance deficit** for the financial year to 30 September 2022 was **$15.0 billion**, which was $17.8 billion lower (better) than the 2022-23 March Budget profile deficit of $32.8 billion.
- The **fiscal balance deficit** for the financial year to 30 September 2022 was **$15.7 billion**, which was $18.4 billion lower (better) than the 2022-23 March Budget profile deficit of $34.2 billion.

<u>Timing of the July and August 2022 MFS</u>

- The July and August MFS are typically finalised by early October, following the finalisation of the previous year's Final Budget Outcome by the end of September.
- Due to the release of the October Budget on 25 October 2022, the July and August MFS were prepared and released together with the September MFS.
- This is similar to the approach taken for the delayed 2020-21 Budget (released 6 October 2020), where the July and August 2020 MFS were prepared and released together with the September 2020 MFS on 23 October 2020.

<u>Timeliness</u>

- The MFS are generally published by the end of the following month, with the exception of July and August, which are published following the release of the Final Budget Outcome.
- In 2019-20, 2020-21 and 2021-22, the MFS have been provided to the Finance Minister on average within 21 days of month end (excluding the July and August MFS).
- This is in accordance with Finance's Key Performance criteria for timeliness to provide the MFS to the Finance Minister on average within 21 days of month end.

If asked about the July and August MFS:

- The Department provided the July and August 2022 MFS to the Minister for Finance on 7 October 2022.

Date:	28 October 2022
Cleared by (SES):	Tracey Carroll, First Assistant Secretary
Telephone No:	02 6215 2499
Group/Branch:	Governance and Resource Management / Estimates and Reporting
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Telephone No:	02 6215 3936
Consultation:	Nil
PDR Number:	SB22-000099
Last Printed:	23/11/2022 4:12 PM

Attachment A

SENATOR THE HON KATY GALLAGHER

Minister for Finance
Senator for the Australian Capital Territory

Friday, 28 October 2022

MEDIA RELEASE
AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
July, August and September 2022

KEY POINTS

- The Monthly Financial Statements for July, August and September 2022 report the budget position against the expected monthly profile for the 2022-23 financial year through to 30 September 2022, based on the 2022-23 March Budget estimates.
- The 2022-23 October Budget was released on 25 October 2022. Commencing with the November 2022 monthly financial statements, the budget position will be reported against the expected monthly profile based on the updated estimates outlined in the 2022-23 October Budget.
- The underlying cash balance for the 2022-23 financial year to 30 September 2022 was a deficit of $15.2 billion.
- The fiscal balance for the 2022-23 financial year to 30 September 2022 was a deficit of $15.7 billion.

AGGREGATES(a)	ACTUAL 2022-2023 July $b	ACTUAL 2022-2023 YTD August $b	ACTUAL 2022-2023 YTD September $b	MARCH BUDGET ESTIMATE* 2022-2023 FULL YEAR $b
Receipts(b)	**41.2**	**92.4**	**136.4**	**547.6**
Payments(c)	**55.1**	**104.1**	**151.5**	**625.6**
Underlying cash balance	**-13.9**	**-11.7**	**-15.2**	**-78.0**
Headline cash balance	**-15.7**	**-13.2**	**-16.6**	**-90.8**
Revenue	45.6	96.7	137.5	560.9
Expenses	55.3	106.0	152.5	628.5
Net operating balance	**-9.7**	**-9.3**	**-15.0**	**-67.5**
Net capital investment	-0.3	0.0	0.8	11.3
Fiscal balance	**-9.3**	**-9.4**	**-15.7**	**-78.8**
Total assets	**733.6**	**738.1**	**740.3**	**777.2**
Total liabilities	**1,348.3**	**1,331.8**	**1,330.7**	**1,434.8**
Net worth(d)	**-614.7**	**-593.7**	**-590.4**	**-657.5**
Net debt(e)	**557.4**	**532.1**	**520.6**	**714.9**

*As published in the 2022-23 March Budget.
(a) Discrepancies in tables between totals and sums of components are due to rounding.
(b) Cash receipts for operating ac ivities and sales of non-financial assets.
(c) Cash payments for operating activities, purchases of non-financial assets and net cash flows from financing activities for leases.
(d) Net worth is calculated as total assets minus total liabilities.
(e) 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).

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 30 September 2022 was a deficit of $15.2 billion.

- **Receipts**
  Total receipts were $136.4 billion.

- **Payments**
  Total payments were $151.5 billion.

Net Operating Balance
The net operating balance for the financial year to 30 September 2022 was a deficit of $15.0 billion.

Fiscal Balance
The fiscal balance for the financial year to 30 September 2022 was a deficit of $15.7 billion.

Assets and Liabilities
As at 30 September 2022:
- net worth is negative $590.4 billion;
- net debt is $520.6 billion; and
- net financial liabilities are $822.1 billion.

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

Jenny Wilkinson PSM
Secretary
Department of Finance

Media Contact
Patrick Cronan 0432 758 224

Australian Government general government sector operating statement

	Note	ACTUAL 2022-2023 July $m	ACTUAL 2022-2023 YTD August $m	ACTUAL 2022-2023 YTD September $m	March Budget Profile 2022-2023 YTD September $m	MARCH BUDGET ESTIMATE* 2022-2023 FULL YEAR $m
Revenue						
Taxation revenue	1,2	40,406	88,347	126,116	110,265	520,959
Sales of goods and services		3,325	4,182	5,099	4,714	18,326
Interest income		512	985	1,528	951	3,751
Dividend and distribution income		329	764	1,379	1,270	5,292
Other		1,043	2,404	3,411	2,885	12,619
Total revenue		**45,615**	**96,683**	**137,533**	**120,085**	**560,947**
Expenses						
Gross operating expenses						
Wages and salaries(a)		1,800	3,877	5,847	5,805	23,367
Superannuation		945	1,895	2,282	1,780	7,064
Depreciation and amortisation		1,011	1,944	2,938	2,905	12,462
Supply of goods and services		12,920	28,788	41,160	42,221	173,327
Other operating expenses(a)		743	1,399	2,090	2,223	9,277
Total gross operating expenses		*17,419*	*37,903*	*54,317*	*54,934*	*225,497*
Superannuation interest expense		910	1,821	3,066	3,113	12,453
Interest expenses		1,835	3,661	5,452	5,143	21,481
Current transfers						
Current grants		18,138	31,604	44,788	46,243	186,084
Subsidy expenses		1,243	2,420	3,452	3,198	15,892
Personal benefits		14,834	27,060	39,146	37,435	141,860
Total current transfers		*34,215*	*61,084*	*87,387*	*86,877*	*343,836*
Capital transfers						
Mutually agreed write-downs		678	912	994	726	2,915
Other capital grants		225	626	1,312	2,129	22,287
Total capital transfers		*903*	*1,538*	*2,306*	*2,855*	*25,202*
Total expenses	3	**55,282**	**106,006**	**152,528**	**152,922**	**628,469**
Net operating balance		**-9,666**	**-9,323**	**-14,995**	**-32,837**	**-67,522**
Other economic flows						
- included in operating result						
Net write-downs of assets		-711	-1,493	-1,475	-2,952	-7,491
Assets recognised for the first time		11	23	75	10	251
Actuarial revaluations		6	12	1	21	83
Net foreign exchange gains		-91	-22	182	0	-55
Net swap interest received		-379	-387	-610	0	0
Market valuation of debt		-26,969	-2,337	12,054	-822	-3,364
Other gains/(losses)		4,957	2,352	-2,345	2,296	9,340
Total other economic flows - included in operating result		**-23,176**	**-1,851**	**7,881**	**-1,447**	**-1,235**
Operating Result(b)		**-32,842**	**-11,174**	**-7,114**	**-34,284**	**-68,757**
Non-owner movements in equity						
Revaluation of equity investments		0	-1	0	0	6,348
Actuarial revaluations		0	0	0	0	-190
Other economic revaluations		-109	-752	-1,542	86	60
Total other economic flows - included in equity		**-109**	**-753**	**-1,542**	**86**	**6,218**
Comprehensive result - Total change in net worth		**-32,951**	**-11,927**	**-8,656**	**-34,198**	**-62,539**
Net operating balance		**-9,666**	**-9,323**	**-14,995**	**-32,837**	**-67,522**
Net acquisition of non-financial assets						
Purchases of non-financial assets		899	2,122	3,414	4,268	22,842
less Sales of non-financial assets		49	66	67	11	119
less Depreciation		1,011	1,944	2,938	2,905	12,462
plus Change in inventories		-174	-66	341	-6	1,064
plus Other movements in non-financial assets		2	2	2	9	-6
Total net acquisition of non-financial assets		**-333**	**49**	**752**	**1,355**	**11,319**
Fiscal balance (Net lending/borrowing)(c)		**-9,333**	**-9,371**	**-15,747**	**-34,192**	**-78,841**

*As published in the 2022-23 March Budget.
(a) Consistent with the Australian Bureau of Statistics' (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.
(b) Operating result under Australian Accounting Standards.
(c) The term fiscal balance is not used by the ABS.

Australian Government general government sector balance sheet

	ACTUAL as at 31 July 2022 $m	ACTUAL as at 31 August 2022 $m	ACTUAL as at 30 September 2022 $m	MARCH BUDGET ESTIMATE* as at 30 June 2023 $m
Assets				
Financial assets				
Cash and deposits	57,180	65,079	68,833	36,061
Advances paid	75,121	73,622	72,875	86,550
Investments, loans and placements	214,923	215,956	218,480	216,979
O her receivables	77,371	75,609	74,940	69,848
Equity investments				
Investments in other public sector entities	38,346	38,464	38,652	69,644
Equity accounted investments	4,179	4,196	4,818	4,109
Investments - shares	73,528	72,530	68,663	92,275
Total financial assets	*540,648*	*545,455*	*547,260*	*575,465*
Non-financial assets				
Land	12,704	12,706	12,719	12,680
Buildings	45,393	45,326	45,528	47,855
Plant, equipment and infrastructure	98,940	98,554	98,431	105,313
Inventories	11,577	11,649	11,999	11,877
Intangibles	11,089	11,170	11,174	11,636
Investment properties	248	248	207	216
Biological assets	15	15	15	21
Heritage and cultural assets	12,659	12,646	12,636	11,880
Assets held for sale	307	307	316	279
O her non-financial assets	24	25	24	7
Total non-financial assets	*192,957*	*192,646*	*193,048*	*201,765*
Total assets	**733,605**	**738,100**	**740,308**	**777,230**
Liabilities				
Interest bearing liabilities				
Deposits held	357	281	282	598
Government securi ies	855,698	838,049	831,818	1,004,288
Loans	29,563	29,589	29,900	29,583
Lease liabilities	19,009	18,793	18,824	20,068
Total interest bearing liabilities	*904,627*	*886,712*	*880,824*	*1,054,537*
Provisions and payables				
Superannuation liability(a)	322,746	323,528	324,033	257,862
O her employee liabilities	35,484	35,578	35,334	39,209
Suppliers payables	8,609	8,282	8,085	12,936
Personal benefits payables	3,868	3,410	2,864	2,968
Subsidies payables	951	994	1,078	991
Grants payables	3,284	3,490	3,375	3,509
O her payables	7,020	8,243	14,481	2,652
Provisions	61,724	61,547	60,649	60,110
Total provisions and payables	*443,686*	*445,073*	*449,897*	*380,237*
Total liabilities	**1,348,313**	**1,331,785**	**1,330,721**	**1,434,773**
Net worth(b)	**-614,709**	**-593,685**	**-590,413**	**-657,543**
Net financial worth(c)	*-807,665*	*-786,331*	*-783,461*	*-859,308*
Net financial liabilities(d)	*846,011*	*824,794*	*822,113*	*928,953*
Net debt(e)	*557,403*	*532,055*	*520,636*	*714,947*

*As published in the 2022-23 March Budget.
(a) For budget reporting purposes, a discount rate of 5.0 per cent determined by actuaries 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 superannuation liability for the 2022-23 Monthly Financial Statements was calculated using the spot rates on long-term government bonds as at 30 June 2022 that best matched each individual scheme's liability duration. These rates were between 3.7 and 3.9 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 other public sector entities.
(e) 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).

Australian Government general government sector cash flow statement[(a)]

	ACTUAL 2022-2023 July $m	ACTUAL 2022-2023 YTD August $m	ACTUAL 2022-2023 YTD September $m	March Budget Profile 2022-2023 YTD September $m	MARCH BUDGET ESTIMATE* 2022-2023 FULL YEAR $m
Cash receipts from operating activities					
Taxes received	35,252	83,893	123,931	107,699	508,400
Receipts from sales of goods and services	3,631	4,550	6,074	4,283	18,346
Interest receipts	517	945	1,427	1,021	2,820
Dividends, distributions and income tax equivalents	411	799	1,464	1,269	5,284
Other receipts	1,276	2,037	3,322	2,992	12,535
Total operating receipts	**41,088**	**92,225**	**136,218**	**117,264**	**547,384**
Cash payments for operating activities					
Payments for employees(b)	-3,007	-6,287	-9,880	-9,202	-37,127
Payments for goods and services	-15,460	-31,269	-44,534	-43,207	-172,351
Grants and subsidies paid	-19,896	-34,923	-49,865	-51,705	-226,249
Interest paid	-553	-722	-1,190	-1,060	-17,894
Personal benefit payments	-14,317	-27,147	-39,928	-38,030	-142,214
Other payments(b)	-854	-1,482	-2,005	-2,161	-8,556
Total operating payments	**-54,088**	**-101,828**	**-147,403**	**-145,365**	**-604,392**
Net cash flows from operating activities	**-13,001**	**-9,603**	**-11,185**	**-28,102**	**-57,008**
Cash flows from investments in non-financial assets					
Sales of non-financial assets	137	147	151	97	248
Purchases of non-financial assets	-853	-1,816	-3,476	-3,778	-18,759
Net cash flows from investments in non-financial assets	**-716**	**-1,669**	**-3,325**	**-3,681**	**-18,511**
Net cash flows from investments in financial assets for policy purposes	**-1,782**	**-1,477**	**-1,439**	**-1,805**	**-12,857**
Net cash flows from investments in financial assets for liquidity purposes	**-2,556**	**-2,379**	**-1,981**	**-1,758**	**-4,754**
Cash flows from financing activities					
Borrowing (net)	-18,683	-13,562	-6,483	15,375	74,288
Other financing (net)	-844	-995	-1,517	-759	-7,302
Net cash flows from financing activities	**-19,527**	**-14,557**	**-8,000**	**14,615**	**66,986**
Net increase/(decrease) in cash held	**-37,583**	**-29,684**	**-25,930**	**-20,730**	**-26,145**
GFS cash surplus(+)/deficit(-)(c)	**-13,717**	**-11,272**	**-14,509**	**-31,783**	**-75,519**
plus Net cash flows from financing acivities for leases(d)	-208	-448	-652	-665	-2,443
Equals underlying cash balance(e)	**-13,925**	**-11,720**	**-15,161**	**-32,447**	**-77,961**
plus Net cash flows from investments in financial assets for policy purposes	-1,782	-1,477	-1,439	-1,805	-12,857
Equals headline cash balance	**-15,707**	**-13,196**	**-16,601**	**-34,252**	**-90,819**

*As published in the 2022-23 March Budget.
(a) A positive number denotes a cash inflow; a negative number denotes a cash outflow.
(b) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.
(c) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.
(d) 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.
(e) The term underlying cash balance is not used by the ABS.

Note 1: Income Tax

	ACTUAL 2022-2023 July $m	ACTUAL 2022-2023 YTD August $m	ACTUAL 2022-2023 YTD September $m	March Budget Profile 2022-2023 YTD September $m	MARCH BUDGET ESTIMATE* 2022-2023 FULL YEAR $m
Individuals and other withholding taxes					
Gross income tax withholding	17,371	42,623	64,703	62,006	252,100
Gross other individuals	9,198	11,910	15,024	12,054	59,100
less Refunds	10,405	18,354	23,109	22,493	41,100
Total individuals and other withholding taxation	16,164	36,180	56,617	51,568	270,100
Fringe benefits tax	665	767	788	953	3,580
Company tax	11,919	22,582	30,969	22,738	92,200
Superannuation fund taxes	1,616	3,115	3,934	4,195	15,690
Petroleum resource rent tax	2	717	639	537	2,440
Total income taxation revenue	**30,366**	**63,361**	**92,947**	**79,991**	**384,010**

*As published in the 2022-23 March Budget.

Note 2: Indirect Tax

	ACTUAL 2022-2023 July $m	ACTUAL 2022-2023 YTD August $m	ACTUAL 2022-2023 YTD September $m	March Budget Profile 2022-2023 YTD September $m	MARCH BUDGET ESTIMATE* 2022-2023 FULL YEAR $m
Goods and services tax	5,898	16,213	21,134	18,698	82,460
Wine equalisation tax	76	191	280	287	1,190
Luxury car tax	134	225	322	223	880
Excise duty	1,858	3,473	4,834	4,727	25,640
Customs duty	1,498	3,320	4,296	4,165	16,920
Other indirect tax	574	1,564	2,303	2,175	9,859
Total indirect taxation revenue	**10,040**	**24,986**	**33,169**	**30,275**	**136,949**

*As published in the 2022-23 March Budget.

Note 3: Total expenses by function

	ACTUAL 2022-2023 July $m	ACTUAL 2022-2023 YTD August $m	ACTUAL 2022-2023 YTD September $m	MARCH BUDGET ESTIMATE* 2022-2023 FULL YEAR $m
Expenses by function				
General public services	2,513	5,172	6,621	26,518
Defence	2,739	5,792	9,251	38,268
Public order and safety	775	1,382	1,905	7,014
Education	6,219	8,378	10,568	44,788
Health	9,381	18,456	27,009	105,754
Social security and welfare	20,243	40,099	56,984	221,685
Housing and community amenities	220	766	1,145	8,221
Recreation and culture	347	732	1,066	4,493
Fuel and energy	477	957	1,438	9,381
Agriculture, forestry and fishing	236	445	712	4,810
Mining, manufacturing and construction	269	546	898	4,781
Transport and communication	212	465	1,143	18,915
Other economic affairs	1,171	2,474	3,479	13,155
Other purposes				
Public debt interest	1,755	3,518	5,274	19,817
Nominal superannuation interest	910	1,821	3,066	12,453
General purpose inter-government transactions	6,714	13,754	20,632	86,161
Natural disaster relief	1,100	1,249	1,336	763
Contingency reserve	0	0	0	1,491
Total expenses	**55,282**	**106,006**	**152,528**	**628,469**

*As published in the 2022-23 March Budget.

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.

Attachment B

Breakdown of September 2022 year to date (YTD) cash payments variance[(a)]

Program[(b)]	Cash Payment Category	Actual YTD September $b	March Budget Profile YTD September $b	Variance[(c)] (Actual – Profile) $b
Australian Government Disaster & Emergency Financial Support	Personal benefit payments	1.3	0.0	1.3
Defence Programs	*Various*	12.8	12.0	0.8
Reasonable and necessary support for participants	Payments for goods and services	8.3	7.7	0.5
Health Protection, Emergency Response and Regulation	Payments for goods and services	1.3	0.7	0.5
COVID-19 Support	Personal benefit payments	0.4	0.0	0.4
National Partnership Payments - Road Transport	Grants and subsidies paid	0.4	0.8	-0.4
Medical Benefits	Payments for goods and services	7.1	7.7	-0.6
Aged Care Services	Payments for goods and services	5.0	5.8	-0.8
Other variances	*Various*	*115.0*	*115.1*	*-0.1*
Total:		**151.5**	**149.8**	**1.7**

(a) Figures in the table have been rounded. Discrepancies in the table between totals and sums of components are due to rounding.
(b) The entry for each program includes eliminations for inter-agency transactions within that program.
(c) Figures in the table are presented on a cash (payments) basis. Some variances shown may not contribute to the accrual (expenses) variance.

Please note:

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.

ADVANCE TO THE FINANCE MINISTER (AFM)

Subject/Issue

Advance to the Finance Minister (AFM) provisions in 2021-22 and 2022-23 Appropriation Acts.

Key facts and figures

AFM provisions and allocations for 2022-23:

- In 2022-23, the *Supply Acts (Nos. 1 and 2) 2022-23* include two separate AFM provisions totalling $6 billion, comprising:
  - $5 billion for future urgent and unforeseen COVID-19 related expenditure ($2 billion in *Supply Act (No. 1) 2022-2023* and $3 billion in *Supply Act (No. 2) 2022-2023*). This is statutorily limited.
  - $1 billion for other urgent and unforeseen expenditure ($400 million in *Supply Act (No. 1) 2022-2023* and $600 million in *Supply Act (No. 2) Act 2022-2023*).
- As at today, no AFMs have been allocated from the *Supply Acts (Nos. 1 and 2) 2022-2023* and $6 billion remains available to be allocated.
- The Appropriation Bills (Nos. 1 and 2) 2022-2023, once enacted, will include the AFM provisions available for the remainder of 2022-23 and no further allocations will be able to be made under the *Supply Act (Nos. 1 and 2) 2022-2023* AFM provisions. The *Supply Acts (Nos. 3 and 4) 2022-2023* do not include any provisions for an AFM.
- The Appropriation Bills (Nos. 1 and 2) 2022-2023 include two separate AFM provisions totalling $6 billion, comprising:
  - $5 billion for future unforeseen and unavoidable COVID-19 and natural disaster and other national emergency response related expenditure ($2 billion in Appropriation Bill (No. 1) 2022-2023 and $3 billion in Appropriation Bill (No. 2) 2022-2023). This is statutorily limited.
  - $1 billion for other urgent expenditure that is not currently contemplated ($400 million in Appropriation Bill (No. 1) 2022-2023 and $600 million in Appropriation Bill (No. 2) 2022-2023).

- The proposed Appropriation Bill (Nos. 1 and 2) 2022-2023 AFM provisions are similar to the 2022-23 Supply Acts, except to expand the COVID-19 AFM provisions to also include urgent and unforeseen natural disaster or other national emergency response related expenditure.
- This expansion has been proposed in light of the recent flood events and would enable the Government to make funding available for responses to events such as flood and fire in a timely manner, should the circumstances require.
  - The terms 'natural disaster' and 'national emergency' are not defined in the Appropriation Bills (Nos. 1 and 2). For the purposes of the AFM provisions, the Finance Minister must be satisfied that an event is a natural disaster, or that circumstances constitute a national emergency, after considering the natural and ordinary meaning of these terms.
  - A national emergency for AFM purposes is not limited to geographic scope alone; it can refer to the scale, economic effects, or even significance, of an emergency. For example, the Finance Minister may be satisfied that a severe cyclone in north Queensland is a 'national' emergency due to the cyclone's severity despite the emergency being geographically localised, or that floods crossing state borders due to continued storms and intense rainfall are 'national' due to more than one jurisdiction being affected, even though the emergency is not geographically national in scope.

AFM provisions and allocations for 2021-22:

- In 2021-22, six AFMs totalling of $2.042 billion were allocated from a total of $5 billion AFM provisions available across the *Appropriation Acts (Nos. 1 to 4) 2021-2022* and were fully utilised by 30 June 2022 (further details at Attachment A).
  - You approved one AFM of $235 million on 20 June 2022[1]. This enabled payment of the full grant of $480 million to NBN Co towards the upgrade of fixed wireless and satellite networks as part of the *Better Connectivity for Rural and Regional Australia Plan*.
  - The previous Government made a similar commitment in the March 2022–23 Budget, however no funding was allocated.
- No allocations were made from the *Appropriation (Coronavirus Response) Acts (Nos. 1 and 2) 2021-2022*.

[1] The determination was signed on 20 June 2022, however the media release for Advance to the Finance Minister in the Week Ending on Friday 24 June, 2022 incorrectly quoted the determination date of 24 June 2022.

AFM accountability and transparency

- AFM determinations are legislative instruments under the *Legislation Act 2003*, registered on the Federal Register of Legislation (FRL) and tabled in the Parliament. AFM determinations are also listed on the Department of Finance (Finance) website with a link provided to the FRL.
- The extraordinary AFM provisions since March 2020 have been supported by strong accountability and transparency arrangements including:
  - assurance reviews by the Australian National Audit Office (ANAO)
  - registration of AFM determinations on the Federal Register of Legislation
  - a media release in weeks when AFMs are issued
  - an Annual Report on AFM allocations tabled in Parliament
  - 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.

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 practical.
- AFM provisions under the annual Appropriation Acts enable urgently required allocations to be issued to entities during the year. Allocations are made through a determination by the Finance Minister up to a statutory limit in the annual Appropriation Acts.
- 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:
  (a) because of an erroneous omission or understatement; or
  (b) because the expenditure was unforeseen until after the last day on which it was able to be included.

Date:	27 October 2022
Cleared by (SES):	Tracey Carroll, First Assistant Secretary
Telephone No:	02 6215 2499
Group/Branch:	Financial Analysis, Reporting and Management
Contact Officer:	Chi Tran
Telephone No:	02 6215 1888
Consultation:	Nil
PDR Number:	SB22-000100
Last Printed	23/11/2022 3:53 PM

ATTACHMENT A

Advances made in 2021-22

AFM No.	Mechanism (Legislation)	Entity	Purpose	Allocation Date	Advance Provided ($m)
1	*Appropriation Act (No. 2) 2021-2022*	Department of Finance (Finance)	To enable Finance to construct Centres for National Resilience (CNRs) at Mickleham in Victoria, Pinkenba in Queensland and Bullsbrook in Western Australia.	19/11/2021	218
2	*Appropriation Act (No. 2) 2021-2022*	National Recovery and Resilience Agency	To support a decision by the Australian Government to extend the availability of the Pandemic Leave Disaster Payment (PLDP) from 1 November 2021 to 30 June 2022.	11/12/2021	66
3	*Appropriation Act (No. 2) 2021-2022*	Department of Finance	To support construction works at the CNR Melbourne and early-stage costs for the CNR Perth and the CNR Brisbane.	16/12/2021	403
4	*Appropriation Act (No. 1) 2021-2022*	National Recovery and Resilience Agency	To support the NRRA to meet increased demand for the PLDP due to the emergence of the highly transmissible Omicron COVID-19 variant, leading to cases within the community growing significantly.	14/01/2022	920
5	*Appropriation Act (No. 2) 2021-2022*	Department of Finance	To support the completion of construction at the CNR Melbourne and construction works at the CNR Perth and the CNR Brisbane.	1002/2022	200
6	*Appropriation Act (No. 1) 2021-2022*	Department of Infrastructure, Transport, Regional Development and Communications	To enable payment of the full grant of $480 million to NBN Co towards the upgrade of fixed wireless and satellite networks as part of the *Better Connectivity for Rural and Regional Australia Plan.*	20/06/2022	235
	Total				**2,042**

2022-23 ANNUAL APPROPRIATIONS BILLS AND ACTS

Subject/Issue

The 2022-23 Supply Acts and Budget Appropriation Bills.

Key facts and figures

- Annual appropriations for 2022-23 are covered by three sets of Appropriation Acts/Bills:
  - the March 2022-23 Supply Acts which commenced on 1 July 2022;
  - the additional 2022-23 Supply Acts which commenced on 3 November 2022; and
  - the October 2022-23 Budget Bills.

March 2022-23 Supply Acts

- The March 2022-23 Supply Acts commenced on 1 July 2022 and provided broadly 5/12ths of 2022-23 annual appropriations to entities for anticipated expenditure to support the ongoing business of government broadly through to the end of November 2022. The exceptions to the 5/12ths approach were to provide flexibility for selected entities to manage uneven expenditure early in the financial year (details are set out at Attachment A).
- The March 2022-23 Supply Acts were necessary to ensure supply from 1 July 2022, as Parliament was unable to pass Budget Bills prior to the dissolution of Parliament for the 2022 election.
- The appropriation amounts in the 2022-23 Supply Acts are:
  - *Supply Act (No. 1) 2022-2023 - $80,343,711,000;*
  - *Supply Act (No. 2) 2022-2023 - $10,668,871,000; and*
  - *Supply (Parliamentary Departments) Act (No. 1) 2022-2023 - $113,541,000*

Additional 2022-23 Supply Acts

- The additional 2022-23 Supply Bills were introduced into Parliament on 25 October 2022 alongside the October 2022-23 Budget Bills, to ensure funding for the ongoing business of government pending the passage of the Budget Bills. They were passed through Parliament on 26 October 2022 and commenced immediately following Royal Assent on 3 November 2022.

- The appropriation amounts in the additional 2022-23 Supply Acts are:
  - *Supply Act (No. 3) 2022-2023* - $48,929,762,000;
  - *Supply Act (No. 4) 2022-2023* - $9,770,226,000; and
  - *Supply (Parliamentary Departments) Act (No. 2) 2022-2023* - $155,107,000.
- The additional 2022-23 Supply Acts provide the remaining 7/12ths of 2022-23 annual appropriations to entities, broadly based on the March 2022 Budget estimates and adjusted for a small number of programs and entities that received more than 5/12ths of their annual appropriations in the March 2022-23 Supply Acts.
- The additional 2022-23 Supply Acts reflect the structure of government implemented on 1 July 2022, in line with the Administrative Arrangements Order which took effect from this date.
- Following convention, the additional 2022-23 Supply Acts do not include funding for new decisions taken in the October 2022 Budget. Annual appropriation funding for the October 2022 Budget measures is provided for in the October 2022-23 Budget Bills.

October 2022 Budget Bills

- The October 2022-23 Budget Bills, introduced into Parliament on 25 October 2022, seek authority for appropriations for endorsed March 2022 Budget measures, 2022 election commitments, and other new decisions taken in the October 2022 Budget context.
- The appropriation amounts proposed in the October 2022-23 Budget Bills are:
  - Appropriation Bill (No. 1) 2022-2023: $10,026,740,000
  - Appropriation Bill (No. 2) 2022-2023: $3,584,263,000
  - Appropriation (Parliamentary Departments) Bill (No. 1) 2022-2023: $19,186,000
- Consistent with the additional 2022-23 Supply Acts, the October 2022-23 Budget Bills reflect the structure of government implemented on 1 July 2022.
- A fact sheet summary of Annual Appropriation Bills is provided at Attachment B.

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Entities/programs with appropriations greater than 5/12ths included in the March 2022-23 Supply Acts

Portfolio	***Entity/Outcome/Program***	***Rationale***	***Allocated funding***	***Total Value $m***	***Act 1 $m***	***Act 2 $m***
Attorney-General's	Office of the Australian Information Commissioner (OAIC) (Outcome 1/departmental)	To support the Government's decision to continue certain terminating measures in 2022-23.	9/12ths	14.0	13.9	0.1
Social Services	Department of Social Services (Outcome 2/administered)	To accommodate the expenditure profile for this outcome.	12/12ths	876.5	876.5	-
Social Services	Department of Social Services (Outcome 3/administered)	To accommodate the expenditure profile for this outcome.	12/12ths	24,378.2	24,378.2	-
Social Services	NDIS Quality and Safeguards Commission (NDISQSC) (Outcome 1/departmental)	To accommodate the expenditure profile for this outcome.	9/12ths	57.3	57.3	-
Social Services	Services Australia (entire entity)	To provide flexibility to respond to service delivery requirements.	9/12ths	3,121.2	3,016.6	104.7
Prime Minister and Cabinet	National Indigenous Australians Agency (NIAA) (Outcome 1/administered)	To accommodate the expenditure profile for this outcome.	9/12ths	1,116.4	1,113.7	2.7
Prime Minister and Cabinet	National Recovery and Resilience Agency (entire entity)	To provide flexibility to respond to service delivery requirements.	12/12ths	304.5	304.5	-
Education, Skills and Employment	Department of Education, Skills and Employment (Outcome 1/administered)	To accommodate the expenditure profile for this outcome.	9/12ths	124.9	-	124.9
Education, Skills and Employment	Department of Education, Skills and Employment (Outcome 2/Research Capacity)	To accommodate the expenditure profile for this outcome.	12/12ths	286.0	286.0	-
Education, Skills and Employment	Tertiary Education Quality and Standards Agency (Outcome 1/departmental-Capital Budget only)	To accommodate the expenditure profile for this outcome.	12/12ths	1.6	1.6	-
Infrastructure	Special Broadcasting Service Corporation (SBS) (Outcome 1/departmental/SBS General Operational Activities)	To accommodate the expenditure profile for this outcome.	9/12ths	174.5	174.5	-

Portfolio	Entity/Outcome/Program	Rationale	Allocated funding	Total Value $m	Act 1 $m	Act 2 $m
Defence	Department of Veterans' Affairs (Outcome 3/administered/War Graves)	To accommodate the expenditure profile for this outcome.	9/12ths	18.0	18.0	-
Defence	Department of Veterans' Affairs (Outcome 1/administered/ Assistance and Other Compensation for Veterans and Dependants)	To accommodate the expenditure profile for this outcome.	9/12ths	10.1	10.1	-
Industry, Science, Energy and Resources	Department of Industry, Science, Energy and Resources (Outcome 3/administered)	To accommodate the expenditure profile for this outcome.	12/12ths	1,689.1	-	1,689.1
Industry, Science, Energy and Resources	Australian Nuclear Science and Technology Organisation (ANSTO) (Outcome 1/departmental)	To accommodate the expenditure profile for this outcome.	9/12ths	248.5	216.2	32.4
Agriculture, Water and the Environment	Department of Agriculture, Water and the Environment (DAWE) (Outcome 1/administered/ Commonwealth Environmental Water)	To accommodate the expenditure profile for this outcome.	9/12ths	35.9	35.9	-
Health	Department of Health (entire entity)	To provide flexibility to respond to service delivery requirements.	12/12ths	13,998.1	13,920.2	77.9
			Total	**46,454.8**	**44,423.2**	**2,031.8**

Attachment B

Summary Table of Annual Appropriation Bills/Acts

	Budget Bills	Additional Estimates (AEs) Bills	Supplementary Additional Estimates Bills/Other Emergency Appropriation Bills	Supply Bills/Residual Bills
Summary	Appropriation authority from Parliament for entities to draw money from the Consolidated Revenue Fund for the coming financial year.	Appropriation authority for activities that require additional funding in the current financial year, or for new activities agreed to by Government since the introduction of the Budget Bills.	Appropriation authority for activities that require additional funding in the current financial year, or for new activities agreed to by Government since the introduction of the AEs Bills.	Appropriation authority for the coming financial year for entities normal operating requirements in situations where Parliament is unable to pass the usual Budget Bills, e.g. prior to dissolution of Parliament for an election.
Contents of Bills	**Bill 1:** The Senate-Executive Compact has defined 'Ordinary annual services of Government' to include running costs; minor capital costs; and program costs. **Bill 2:** 'Other than ordinary services of Government' to include major capital expenditure; construction of public works and buildings; payments to States; equity injections and loans; and new administered measures which fall within new outcomes. **PD Bill 1:** Departmental expenses and other purposes for the four Parliamentary Departments.	**Bill 3**: Builds on amounts provided at Budget for 'ordinary annual services'. **Bill 4**: Builds on amounts provided at Budget for 'other than ordinary services'. **PD Bill 2**: Builds on amounts provided at Budget for services of the Parliamentary Departments.	**Bill 5/Other Odd Numbered Appropriation Bill**: Builds on amounts provided at AEs for 'ordinary annual services'. **Bill 6/Other Even Numbered Appropriation Bill**: Builds on amounts provided at AEs for 'other than ordinary services'. Additional appropriation bills may be introduced for special purposes, for example to fund measures in response to natural disasters or other emergency circumstances.	Analogous to the Budget Bills, except they only contain a proportion of the annual appropriation estimates for the coming year, less Budget measures. Following resumption of Parliament, Appropriation Bills containing the remaining amounts of annual appropriation estimates, plus Budget measures, are then introduced. These Bills are also known as Residual Bills. For the Supply Bills introduced in March 2022 agencies received broadly equal to 5/12ths of their annual estimates.
Timing	Usually introduced in the Parliament on Budget night in May each year. Available 1 July.	Introduced in the Parliament during the Additional Estimates period. Usually available late March or early April.	Introduced in the Parliament usually during the Budget period/late in the financial year.	Usually introduced in the Parliament prior to, or concurrently with, the Budget Bills. Available 1 July.
Terms	The use of an appropriation is governed by the particular appropriation item and outcome approved by Parliament. Annual Appropriation Acts include a repeal section, where the remaining appropriations extinguish at the end of three financial years. Unspent appropriations that are not required prior to being extinguished are withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013*.			

IMPROVEMENTS TO GRANTS POLICY AND ADMINISTRATION

Subject/Issue

How is the Government improving integrity and accountability in grants administration?

Key points

- In accordance with the Government's commitment to strengthen integrity, accountability and transparency in grants decision-making, I have asked the Department to develop options to enhance the *Commonwealth Grants Rules and Guidelines 2017* (CGRGs), including:
  - opportunities to improve the public reporting of grants awarded;
  - strengthening the minimum briefing and recording requirements for ministers where they approve grants; and
  - opportunities to strengthen the use of competitive selection processes.
- These improvements will address recommendations by the Joint Committee of Public Accounts and Audit and the Australian National Audit Office.
- The CGRGs are largely principles based with some mandatory requirements and guidance to encourage better practice grants administration.
- The principles based nature of the CGRGs is designed to provide flexibility to accommodate the breadth of activities, which can range in value from as low as $50 up to $1 billion, and to enable officials to work jointly with stakeholders to administer grants and achieve government policy outcomes.
- The Department of Finance provides support to entities to help them understand the CGRGs. However, as a devolved framework, it is the responsibility of accountable authorities, officials and approving ministers to ensure the relevant requirements of the CGRGs are met.
- Proposed changes to the CGRGs are part of a broader suite of initiatives to improve integrity and accountability, which include:
  - the Audit on Wasteful Spending; and
  - the introduction of legislation to establish a National Anti-Corruption Commission.

Key points – data analytics in GrantConnect

- GrantConnect is the whole-of-government grant advertising, application and reporting system.

- GrantConnect provides transparency and whole-of-government consolidated data on grant opportunities and grants awarded.
- GrantConnect became operational on 6 February 2017.
- Publishing of grant guidelines was mandated from 30 April 2017.
- Publishing of grants awarded was mandated from 31 December 2017.

- GrantConnect data shows in 2021-22, 457 grant opportunities were published and 41,383 grants (excluding variations) totalling $30.9 billion were awarded.
- GrantConnect was initially designed to improve the discovery and transparency of granting activities at a whole-of-government level, replacing the previous process of granting entities publishing limited details of their granting activities on their own websites.
- GrantConnect is a tool to connect members of the community to grant opportunities, including by registering for 'push notifications' of different grant program types. That means that non-government stakeholders can register to be notified when a grant opportunity that suits their categories of interest becomes available.
  - As at 13 October 2022, there were 61,972 registered users on GrantConnect.
- Ongoing work continues to enhance the utility of the database for other purposes, including for extraction of data and reporting.

Background

- The *Commonwealth Grants Rules and Guidelines 2017* (CGRGs) are a legislative instrument under section 105C (1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- The CGRGs were established as the *Commonwealth Grant Guidelines* in July 2009.
- The CGRGs were last updated on 30 August 2017.
- The CGRGs do not apply to corporate Commonwealth entities (CCEs) unless they are undertaking grants on behalf of the Commonwealth. CCEs have new grants requirements under Division 6A of the Public Governance, Performance and Accountability Rule 2014, which came into effect on 1 December 2020.
  - When a minister is the decision-maker for a CCE grant, the same advising, decision-making and reporting requirements apply to the grant as if the CGRGs applied.
- The application of the PGPA Act and the CGRGs depends on the details of a particular program.

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IMPLEMENTING THE *DATA AVAILABILITY AND TRANSPARENCY ACT 2022* (THE ACT)

Subject/Issue

Implementation of the DATA Scheme (established by the Act) is on track.

Key facts and figures

- With the Act commencing on 1 April 2022, the Office of the National Data Commissioner's (ONDC's) early priority has been to establish the institutional arrangements to support safe, transparent and consistent data sharing. The Scheme is now open for business with Australian, state and territory government agencies able to apply for accreditation as data users and data service providers from 1 August 2022. Six data service providers have been accredited to participate in the Scheme and ONDC has consulted on a Data Code to guide Scheme participants.
- ONDC launched Dataplace – a digital platform for organisations to manage data sharing requests and support administration of the Scheme – giving applicants a consistent and streamlined way to apply for accreditation. Further services will be rolled out in 2022-23.
- Another priority has been educating eligible entities about the Scheme and helping them get ready to participate. ONDC has met one-on-one with DATA scheme participants, presented at public forms, hosted information sessions and provided information and guidance.
- The Data Discovery program is helping Australian Government agencies develop data inventories and funding an Australian Government Data Catalogue to help users find data. Through the program, ONDC has assisted 18 Australian Government agencies to identified more than 3,500 data assets.

Key points

- The Act establishes the DATA Scheme - a new, best practice scheme for sharing Australian Government data, underpinned by strong safeguards and consistent, efficient processes.
- The Scheme is focused on increasing the availability and use of Australian Government data to deliver public benefit - better government services, policy and programs, as well as research and innovation.

Background

- 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 delivers education and tools to support best practice data handling and sharing. The Commissioner is supported by ONDC who are employees of the Department of Finance.
- The Act also establishes the National Data Advisory Council to advise the Commissioner on data sharing issues such as ethics, privacy protections, trust and transparency, technical best practice, industry innovations and international developments.
- ONDC's departmental budget for 2022–23 is $15.03 million, with 58.8 ASL (30 ASL as at end September 2022 supplemented with secondees and expert contractors).
- ONDC's Data Discovery capital budget for 2022–23 is $1.9 million. $16.5 million is being provided over 4 years from 2021–22 ($1.9 million in capital, $14.6 million in operating which is included in ONDC's department budget).
- ONDC's Dataplace capital budget for 2022-23 is $3.796 million, with $11.1 million in capital being provided over 4 years from 2020–21
- The Ministerial Rule to transition six eligible Accredited Integrating Authorities to be accredited data service providers under the Act took effect from 29 September 2022. The accredited entities are: Australian Bureau of Statistics; Australian Institute of Family Studies; Australian Institute of Health and Welfare; Commonwealth Department of Social Services; Queensland Treasury; and, Victorian Department of Health.
- 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).

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KEY FACTS AND FIGURES (OCTOBER PBS 2022-23)

Subject/Issue

The 2022-23 Finance Portfolio Budget Statements were tabled in Parliament on 25 October 2022 and published on the Department of Finance (Finance) website.

Key facts and figures

- **Appropriation Bill No.1: 2022-23 funding of $667.4 million** (Table 1.1 on p.16) comprises:
  - **$339.4 million** Departmental operating funding (includes -$2.8 million for eight measures with published financial impacts (plus three measures not for publication), Table 1.2, p.19)
  - **$10.7 million** in Departmental capital budget
  - **$10.9 million** in Administered funding for Outcome 2
  - **$301.0 million** in Administered funding for Outcome 3, and
  - **$5.4 million** in Administered capital budget.
- **Appropriation Bill No. 2: 2022-23 funding of $9.1 million** for non-operating expenditure (Table 1.1 on p.16) comprises:
  - **$6.5 million** in Departmental equity injections, and
  - **$2.6 million** in Administered assets and liabilities.
- Details of movements between the 2021-22 Estimated Actual and 2022-23 Estimate in Table 1.1 are provided in Attachment A.

Key points

- Four measures were published in the October 2022-23 PBS where funding was presented not for publication (nfp) due to commercial sensitivities. Funding for these measures is included in the Appropriation Bills, but not separately disclosed in Table 1.2 for:
  - *National Security Office Precinct*
  - *Pacific Security and Engagement Initiatives*
  - *Purpose-Built Quarantine Facilities – maintenance*
  - *Supporting Australia's Resources*

Finance led Budget measures

- *Buy Australian Plan*: (cost of this measure will be met from within existing departmental resourcing) to support Australian businesses to compete more effectively, increase employment and build resilience in supply chains.
- *National Security Office Precinct:* (financials not for publication) – to provide a permanent solution to the critical accommodation and capability requirements of several national security and other Commonwealth agencies.
- *Powering Australia – Commonwealth Fleet Leases:* ($15.9 million over four years from 2022-23 ($15.5 million provisioned in the contingency reserve to be allocated to eligible entities)) to reduce the level of emissions of the Australian Public Service through a low emissions vehicle target for the Commonwealth Fleet of 75 percent of new passenger vehicle purchases and leases by 2025.
- *Purpose-Built Quarantine Facilities – maintenance*: (financials not for publication) for ongoing maintenance of the purpose-built quarantine facilities in Victoria and Queensland.

  Note: Funding for Perth will form part of a later comeback.

Finance supporting measures led by other entities

<u>Receipt measure</u>

- *Safer and More Affordable Housing*: ($1,428.3 million over four years from 2022-23, with amounts held in the contingency reserve) to fund the delivery of 30,000 social and affordable homes over five years as part of the newly created Housing Affordability Future Fund.

<u>Payment measures</u>

- *An Ambitious and Enduring APS Reform Plan*: ($7.1 million over two years from 2022-23, with costs to be met within existing resources) to implement an interim policy and reporting framework as part of the Government's commitment that the APS, excluding security agencies, will commit to net zero emissions by 2030.

  Note: Finance has had a $0.7 million reduction over the three years from 2022-23 as part of the savings from within the APS.
- *Delivery of a First Nations Voice to Parliament Referendum – preparatory*: work ($0.8 million over two years from 2022- 23) for legal advice to support planning for a referendum to enshrine an Aboriginal and Torres Strait Islander Voice to Parliament in the Constitution.

- *National Reconstruction Fund – establishment*: ($1.2 million over two years from 2022-23) to establish the National Reconstruction Fund, to support, diversify and transform Australian industry through targeted co-investments in 7 priority areas: resources; agriculture, forestry and fisheries sectors; transport; medical science; renewables and low emission technologies; defence capability; and enabling capabilities.
- *Pacific Security and Engagement* Initiatives: (financials not for publication) to expand the Key Sectors Taskforce to enable it to better support the development of key economic sectors in the Indo-Pacific region and provide additional funding to support reliable and secure banking services in the Pacific.
- *Savings from External Labour, and Savings from Advertising, Travel and Legal Expenses*: $5.1 million reduction in 2022-23
- Assurance review funding for:
  - *Abolish the Cashless Debit Card*
  - *Implementing Aged Care Reform*
  - *Supporting Australia's Resources*: extending the 2021-22 MYEFO measure titled *Northern Endeavour Decommission – additional funding.*

Summary of Table 1.2 Budget measures

	2022-23 $'000	2023-24 $'000	*2024-25 $'000*	2025-26 $'000
Receipt measures				
Safer and More Affordable Housing	216,755	440,261	386,223	385,105
Total	**216,755**	**440,261**	**386,223**	**385,105**
Payment measures				
Abolish the Cashless Debit Card	72	-	-	-
An Ambitious and Enduring APS Reform Plan	(110)	(286)	(320)	-
Buy Australian Plan	-	-	-	-
Delivery of a First Nations Voice to Parliament Referendum – preparatory work	600	200	-	-
Implementing Aged Care Reform	-	200	200	-
National Reconstruction Fund – establishment	483	745	-	-
National Security Office Precinct	nfp	nfp	nfp	nfp
Pacific Security and Engagement Initiatives	nfp	nfp	nfp	nfp
Powering Australia – Commonwealth Fleet Leases	1,185	3,081	5,050	6,584
Purpose-Built Quarantine Facilities – maintenance	nfp	nfp	nfp	nfp
Savings from External Labour, and Savings from Advertising, Travel and Legal Expenses	(5,073)	-	-	-
Supporting Australia's Resources	nfp	nfp	nfp	nfp
Total	**(2,843)**	**3,940**	**4,930**	**6,584**

Financial Statements

- Budgeted 2022-23 **Departmental deficit of $77.1 million** (Table 3.1 p.62) represents an increase from the forecast deficit of $51.2 million reported in the March 2022-23 Portfolio Budget Statements. This is primarily due to:
  - $18.9 million movement of funds ($13.9 million for the Service Delivery Office Special Account and $5.0 million for the Property Special Account).
  - $9.1 million carry-over of activities funded from prior year appropriations associated with Government Shareholder Oversight.
- Budgeted 2022-23 **Departmental net asset position of $3,374.2 million** (Table 3.2 p.64) represents a decrease from the $3,382.2 million in the March 2022-23 Portfolio Budget Statements, as a result of the final budget outcome for 2021-22. This is primarily due to revised estimates for non-financial asset balances and outstanding insurance claims as at 30 June 2022.

Average Staffing Level (ASL)

- ASL is 1,396 which is an increase of 139 ASL from the March 2022-23 Portfolio Budget Statements due to:
  - 112.0 ASL for the functions transferred from Prime Minister and Cabinet as part of the Administrative Arrangement Orders that took effect on 1 July 2022.
  - 27.3 ASL associated with October 2022-23 Budget measure*s:*
    - *15.0 ASL An Ambitious and Enduring APS Reform Plan*
    - 5.5 ASL *National Security Office Precinct*
    - 2.8 *National Reconstruction Fund – establishment*
    - 2.0 ASL *Pacific Security and Engagement Initiatives*
    - 1.5 ASL *Purpose-Built Quarantine Facilities – maintenance*
    - *0.5 ASL Powering Australia – Commonwealth Fleet Leases*

- ASL figures for 2022-23 have been provided for each Outcome. Comparison of ASL figures between budget updates is as follows:

Finance Outcomes	**2021-22 Actuals**	**2022-23 Mar PBS**	**2022-23 Oct PBS**
Outcome 1	437	469	444
Outcome 2	667	671	840
Outcome 3	118	117	112
Total Departmental	**1,222**	**1,257**	**1,396**

- Details of ASL movements between the 2021-22 Actuals and 2022-23 October Budget are provided in Attachment A.
- Departmental ASL numbers have been updated in the 2022-23 PBS (Outcome 1 – Table 2.1.1, p.22; Outcome 2 – Table 2.2.1, p.30; Outcome – 3, Table 2.3.1, p.56).
- Finance operated within its ASL cap of 1,283 for 2021-22.

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Finance 2022-23 October Portfolio Budget Statements - Movement Commentary

Table 1.1 – Resourcing Table

Line item	2021-22 Estimated actual $'million (a)	2022-23 Estimate $'million (b)	Change $'million (b-a) + increase / (-) decrease	Commentary
Departmental - Annual appropriations - ordinary annual services				
Departmental appropriation	284.6	339.4	54.8	The increase for 2022-23 relates to: • $65.0m new funding reported in October Budget • $24.6m new funding reported in March Budget • -$29.1m ceased funding from terminating measures <u>New funding October Budget</u> • $39.1m for Machinery of Government changes with the Department of Prime Minister & Cabinet: o $20.0m Regulatory Reform o $16.8m Office of the National Data Commissioner o $2.3m Data and Digital • $21.8m estimate variations and reclassification of funds ($20.6m Comcover interest equivalency and $1.2m reclassification) • $4.1m for Measures o $5.4m *An Ambitious and Enduring APS Reform Plan (* APS Net Zero) o [redacted] *Purpose-Built Quarantine Facilities - maintenance* o $0.6m *Delivery of a First Nations Voice to Parliament Referendum - preparatory work* o $0.5m *National Reconstruction Fund - establishment* o [redacted] *Supporting Australia's Resources* (Key Sector Taskforce Support) o $0.1m *Powering Australia - Commonwealth Fleet Leases* o -$5.1m Savings from External Labour, and Savings from Advertising, Travel and Legal Expenses o -$0.1m Savings from *An Ambitious and Enduring APS Reform Plan*
Departmental - Annual appropriations - other services - non-operating				
Equity injection	1,376.4	6.5	(1,369.8)	The decrease in 2022-23 mainly relates to terminating funding [redacted] for: • [redacted] measure - Centres for National Resilience (2021-22) • $4.4m estimate variation - reappropriation of lapsed funding for Property Special Account (PEQ $3.2m, Wagait Tip $1.2m) (2021-22) • $0.9m measures - Additional Resources (2021-22) (Govlink) Partially offset by: • [redacted] New measure for National Security Office Precinct

Line item	2021-22 Estimated actual $'million (a)	2022-23 Estimate $'million (b)	Change $'million (b-a) + increase / (-) decrease	Commentary
Appropriation receipts	1,535.3	116.4	(1,418.9)	The decrease in 2022-23 mainly relates to: • $[redacted] decrease for the Property Special Account o [redacted] terminating measure - Centres for National Resilience - capital (2021-22) o [redacted] terminating measure - Centres for National Resilience - operating (2021-22) o -$4.4m estimate variation - reappropriation of lapsed funding for Property Special Account (PEQ $3.2m, Wagait Tip $1.2m) o -$54.7m FBO adjustments largely funding from Victoria Government for Centres for National Resilience o +$19.9m estimates variation for National Security Infrastructure - Scoping (2022-23 March) • $9.3m decrease for the Service Delivery Office Special Account o -$10.5m measure - GovERP (2021-22 reduced from [redacted] to [redacted]) o +$1.2m FBO adjustment • $0.8m decrease for Co-ordinated Procurement Contracting Special Account Partially offset by: • $5.1m increase for the Comcover Special Account (interest equivalency)
Non-appropriation receipts	346.8	297.8	(49.0)	The decrease primarily relates to: • $19.0 decrease for the Property Special Account o -$26.4m net sale proceeds from the National Property Divestment Program for [redacted] moved from 2021-22 to 2025-26. o +$10.0m revenues in 2021-22 reconciled with financial statements • $21.7m decrease for the Service Delivery Office Special Account o -$10.9m for higher revenues in 2021-22 reconciled with financial statements o -$10.7m for eliminated internal charging to Finance • $12.0m decrease of the Co-ordinated Procurement Contracting Special Account o -$9.8m higher receipts in 2021-22 reconciled with financial statements Partially offset by: • $3.8m increase for the Comcover Special Account o +$7.7m increase in premium invoicing from 2021-22 financial statements o -$3.9m for eliminated premium revenue charged to Finance
Administered - Annual appropriations - ordinary annual services				
Outcome 3	335.1	301.0	(34.2)	The decrease in 2022-23 primarily relates to: • $23.8m received in 2021-22 for election for redundancy and separations. • [redacted] received in 2021-22 for the terminating measure: Commonwealth Parliamentary Workplaces.

Line item	2021-22 Estimated actual $'million (a)	2022-23 Estimate $'million (b)	Change $'million (b-a) + increase / (-) decrease	Commentary
Administered - Annual appropriations - ordinary annual services				
Administered assets and liabilities	58.1	2.6	(55.5)	The decrease in 2022-23 is primarily due to: • a reduction in ANI and ASC equity injections provided (2021-22 $51m, nil for 2022-23) Partially offset by: • $0.2m Superannuation parameter changes
Total administered special appropriations	8,024.4	8,676.1	651.7	The increase for 2022-23 largely relates to: • $317.2m Superannuation Act 1990; • $308.1m Superannuation Act 1976; and • $20.3m Parliamentary Business Resources Act 2017.
Administered Special accounts				
Opening balance	349.2	540.3	191.1	The increase in 2022-23 is due to loan repayments to the DHA borrowing special account.
Appropriation receipts	5,105.8	5,240.0	134.2	The increase in 2022-23 is due to: • $134.2m increase in the Medicare levy receipt for the DisabilityCare Australia Fund.
Non-appropriation receipts	66,081.6	49,774.6	(16,307.0)	The decrease is mainly due net change in investments realised for the Australian Government Investment Funds, including: • -$21,186.4m Medical Research Future Fund • -$2,608.6m DisabilityCare Australia Fund • +$3,018.2m Future Drought Fund • +$2,995.3m Emergency Response Fund, and • +$1,661.9m Aboriginal and Torres Strait Islander Land and Sea Future Fund

Finance 2022-23 October Portfolio Budget Statements - Movement Commentary

Section 2 – Average Staffing Level

Average Staffing Level (ASL)	2021-22 Estimated Actual (a)	2022-23 Budget (b)	Change (b-a) + increase / (-) decrease	Commentary
Outcome 1				For 2022-23 the decrease in ASL since the March Budget is due a shift in indirect allocations resulting from new activities in Outcome 2. There were no changes to direct resource allocations for Outcome 1.
2022-23 October Budget	437	444	7	
2022-23 March Budget	469	469	-	
Change	(32)	(25)		
Outcome 2				For 2022-23 the increase in ASL since the March Budget includes: • 112 ASL for MoG changes with PM&C: o 39.7 Regulatory Reform o 58.8 Office of the National Data Commissioner o 13.5 Data and Digital • 27.3 ASL from new October Budget measures o 15.0 *An Ambitious and Enduring APS Reform Plan* (APS Net Zero) o 5.5 *National Security Office Precinct* o 0.5 *Powering Australia - Commonwealth Fleet Leases* o 2.8 *National Reconstruction Fund - establishment* o 2.0 *Supporting Australia's Resource* s (Key Sector Taskforce Support) o 1.5 *Purpose-Built Quarantine Facilities - maintenance* • 21.0 ASL Direct internal resource allocations o 13.0 Future Made in Australia Office o 8.0 People Panel Invoicing and Contractor Integrity ICT Solution • 8.7 ASL Indirect resource allocation due to new activities
2022-23 October Budget	667	840	173	
2022-23 March Budget	697	671	(26)	
Change	(30)	169		
Outcome 3				For 2022-23 the decrease in ASL since the March Budget is due a shift in in indirect allocations resulting from new activities in Outcome 2. There were no changes to direct resource allocations for Outcome 3.
2022-23 October Budget	118	112	(6)	
2022-23 March Budget	117	117	-	
Change	1	(5)		
Total			-	For 2022-23 the increase in ASL for the department since the March Budget is due to new activities for Outcome 2 (refer above): • 110.3 ASL for MoG changes with PM&C • 27.3 ASL from new October Budget measures Note: At the March Budget, the reduction of 26 ASL in 2022-23 was due to: • 22 ASL - terminating measure: COVID-19 Response Package - Centres for National Resilience (2021-22 MYEFO) • 4 ASL - terminating measure: Australia Infrastructure Financing Facility for the Pacific Projects (2021-22 MYEFO)
Total 2022-23 October Budget	1,222	1,396	174	
Total 2022-23 March Budget	1,283	1,257	(26)	
Change	(61)	139		

AFP MATTER

Subject/Issue

Two men were convicted of conspiracy to defraud the Australian Government while working for an Australian public service agency on 7 July 2022. A third man is due to stand trial early next year.

Key facts and figures

- July 2019 – Finance reported a matter to the Australian Federal Police (AFP) related to the supply of information technology contractors.
- The Department of Finance (Department) referred substantial information to the AFP to support its investigations.
- In June 2020 and October 2021, the AFP executed warrants by appointment on the Department's premises.
- June 2020 – as a result of these investigations, the AFP charged three men with conspiracy to defraud the Australian Government while working for an Australian public service agency. Two of the men were also charged with abuse of public office. The Commonwealth Director of Public Prosecutions subsequently withdrew the abuse of public office charges.
- 31 May 2022 – criminal trial of two men commenced. A number of current and former departmental witnesses were called to give evidence.
- 7 July 2022 – two men were found guilty following a jury trial in the ACT Supreme Court.
- 11 November 2022 – the two men are due to be sentenced. The maximum penalty for this offence is 10 years' imprisonment.
- 23 February 2023 – a separate criminal trial of the third man is due to commence.
- All pleaded not guilty to the conspiracy to defraud charges.

Key points

- The charges are in relation to conspiring to direct information technology contracts through preferred suppliers and receiving financial benefits as a result of this activity.

- As the matter continues before the Court, the Department is limited in what it can discuss in relation to the particulars of the charges and conduct of the accused. It is not appropriate to comment further.
- The integrity of the Department's systems, services and programs has not been compromised.
- The matter originally came to the attention of the Department through the Public Interest Disclosure regime (under the *Public Interest Disclosure Act 2013*). The Department has appropriate mechanisms in place to respond to these issues as has been demonstrated by the Department's handling of this matter.
- The Department established an Assurance Taskforce in June 2020 to examine Finance's approach to procurement governance and assurance, and how organisational values and behaviours are embedded.
- 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.
- Subcontractors who had no involvement with the conspiracy to defraud have not been prevented from working for the Commonwealth and have been re-engaged in the Department's services and programs as necessary.
- The Department is working with relevant parties regarding any contracts affected by the matter.

Background

There were no questions at the March/April 2022 Budget Estimates hearings on this issue. There was media coverage during the first criminal trial.

The AFP and the Department released statements in June and July 2020 (Attachments A, B and C).

Date:	17 October 2022
Cleared by (SES):	Mary Wiley-Smith
Telephone No:	6215 3075
Group/Branch:	Legal and Assurance Branch
Contact Officer:	Kelly Hoffmeister
Telephone No:	(02) 6215 2594
Consultation:	Nil
PDR Number:	SB22-000090
Last Printed:	23/11/2022 3:45 PM

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

LEGAL ASSISTANCE FOR MINISTERS AND MOP(S) ACT EMPLOYEES

Subject/Issue

Applications for legal assistance for current and former Ministers and their staff are processed in accordance with the prescribed criteria outlined in legislation.

Key facts and figures

Legal Assistance for Ministers

- Legal assistance for Ministers (current or former) may be approved through a scheme provided under the Parliamentary Business Resources Regulations 2017 (PBR Regulations).
- Assistance may be available for legal proceedings if they relate to a Minister's ministerial duties or if the proceedings have arisen only because the individual is, or was, a Minister.
- The decision maker is the Attorney-General, although the Prime Minister or another Minister can be the decision maker in particular circumstances as set out in the PBR Regulations.
- Costs are only paid where the Secretary of the Attorney-General's Department, or their delegate, certify the costs as reasonable.
- All approvals of legal assistance for Ministers must be tabled by the Attorney-General in Parliament as soon as possible after they are made.
- Annual statements on expenditure for each approval made under the PBR Regulations are tabled within 3 months of the end of the financial year.

Further questions should be directed to the Attorney-General's Department, as it administers the scheme.

Has legal assistance been approved for former Ministers?

- The Minister for Finance has approved applications for legal assistance to the Hon Scott Morrison MP, the Hon Greg Hunt and the Hon Keith Pitt MP in relation to their participation in an Inquiry being conducted by the Hon Virginia Bell AC. The former Ministers have been invited to meet with Ms Bell as part of her inquiry.

- On this occasion the Minister for Finance was the approving Minister, due to the involvement of the Prime Minister and the Attorney-General in establishment of the Inquiry.
- The Attorney-General will table a report on the approval in Parliament as required under section 94(a) of the PBR Regulations.

Legal assistance for MOP(S) Act employees

- Legal assistance for current or former *Members of Parliament (Staff) Act 1984* (MOP(S) Act) employees relating to them **assisting the Minister in performing ministerial duties** may be approved under Appendix E to the Legal Services Directions 2017 (Legal Services Directions). This scheme is also available to other Commonwealth employees.
- Assistance may be available if the employee was, at the time of the alleged event or occurrence, employed by a Minister on behalf of the Commonwealth as a member of the Minister's staff under the MOP(S) Act.
- As provided under the Legal Services Directions, the Special Minister of State makes the decision whether to provide assistance to a MOP(S) Act employee. The Minister is required to consult with the Attorney-General prior to approving assistance.
- The Legal Services Directions do not provide for the public reporting of approvals for legal assistance for current or former MOP(S) Act employees.
- It would be inappropriate to comment on specific applications for, or approvals of, legal assistance for current or former MOP(S) Act employees. This is out of concern for the privacy and potentially legally privileged material of individuals.

Have any MOP(S) Act employees requested legal assistance?

- No the Minister for Finance has not received any requests.

What is Finance's role in determining whether assistance should be given?

- Finance assesses whether applications for legal assistance meet the eligibility criteria under Appendix E to the Legal Services Directions. This may involve a legal assessment and it can be appropriate for legal advice to be sought.

- In making an assessment, Finance applies the general policy underlying the provision of assistance under Appendix E, which includes protection of the Commonwealth's financial interests, namely avoidance or limitation of vicarious liability, and the general interests of the Commonwealth to act properly as an employer in supporting employees (e.g. MOP(S) Act staff employed on behalf of the Commonwealth).
- Finance does not look to the substance of the legal claim. The fact that a matter may give rise to legal dispute, or threat of litigation, implies that there are different views as to whether someone acted reasonably and responsibly in the circumstances. This is not necessarily the Department's focus when advising on the application of criteria as set out in Appendix E.

Legal assistance for Parliamentarians through Special Liability Insurance

- Three types of insurance is provided to all Senators and Members under section 42(2)(b) of the *Parliamentary Business Resources Act 2017* - see table at Attachment A.
- Other than procurement, the Department of Finance does not have a direct role in handling matters under these policies.

Date:	20 October 2022
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Group/Branch:	Business Enabling Services / Legal & Assurance Branch
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Telephone No:	6215 2594
Consultation:	Nil
PDR Number:	SB22-000091
Last Printed:	23/11/2022 3:47 PM

Attachment A

Legal assistance for Parliamentarians through Special Liability Insurance

<table>
<tr><td colspan="4">Eligibility: Senators and Members under paragraph 42(2)(b) of the Parliamentary Business Resources Act 2017</td></tr>
<tr><td>Scheme</td><td>Policy coverage</td><td>Decision Maker</td><td>Costs</td></tr>
<tr><td>Special Liability Insurance</td><td>A policy tailored to the role of a parliamentarian, dealing with Professional Indemnity and Employment Practices Liability</td><td rowspan="3">As is the case for any insurance policy, the insurer may take or respond to legal action in the Senator or Member’s own name.</td><td rowspan="3">These insurance policy premiums are paid for by Ministerial and Parliamentary Services (MaPS) from the PBR Special Appropriation (Parliamentary Business Resources Act 2017, section 59)</td></tr>
<tr><td>General public and products liability</td><td>A standard commercial policy. Third party injury and property damage.

Provides cover for legal costs and compensation payable by reason of liability for personal injury, property damage or advertising liability happening in connection with a Senator or Member's capacity as a Senator or Member.</td></tr>
<tr><td>Travel insurance</td><td>Standard commercial travel insurance policy.</td></tr>
</table>

- Other than procurement, the Department of Finance does not have a direct role in handling matters under these policies.

APPOINTMENT OF THE FORMER PM TO ADMINISTER THE DEPARTMENT OF FINANCE

Subject/Issue

The former Prime Minister, the Hon Scott Morrison MP, was appointed to administer a number of departments including the Department of Finance in March 2020. The Secretary of the Department at the time, and staff of the Department, were not aware of the appointment and did not provide any briefing directly to the former Prime Minister.

Key points

- On 26 August 2022, the Prime Minister and the Attorney-General jointly announced the appointment of the Hon Virginia Bell AC to inquire into the appointment of the former Prime Minister to administer departments other than the Department of Prime Minister and Cabinet. Ms Bell will report to the Prime Minister by 25 November 2022.
    - Questions about the Inquiry establishment and conduct should be directed to the Attorney-General's Department.
    - Questions about the process, legality and propriety of the appointments are matters for the Department of Prime Minister and Cabinet. It would not be appropriate to comment further while these matters remain under investigation by the Inquiry.
- The Secretary of the Department Finance responded to a request from Ms Bell for information to assist with the Inquiry on 9 September 2022. The Secretary advised:

  The Secretary of the Department at the relevant time, Rosemary Huxtable PSM, and staff of the Department were not aware the former Prime Minister had been sworn-in to administer the Department of Finance.

  I am also advised the Department did not provide or receive any advice regarding the former Prime Minister's potential or actual appointment or his potential exercise of powers of the Finance portfolio.

    - See **HIB – Legal Assistance** for further information in relation to applications for legal assistance by current and former ministers.

Background

30 March 2020	Mr Morrison appointed to administer the Department of Finance (Attachment A).
13 August 2022	First newspaper report that Mr Morrison was appointed to administer departments other than the Department of Prime Minister and Cabinet.
16 August 2022	Prime Minister confirms Mr Morrison appointed to five portfolios, including Finance.
14, 15 & 16 August 2022	3 FOI requests for documents held by the department received. Applicants advised no documents held (2 applications subsequently withdrawn one decision letter issued).
17 August 2022	Finance **media statement** that: '*Secretary Huxtable and staff in the Department of Finance were not aware the former Prime Minister had been sworn-in to administer the Department of Finance*'.
26 August 2022	Prime Minister and the Attorney-General announce the **appointment of The Hon Virginia Bell AC to inquire** into the appointments. Ms Bell will report to the Prime Minister by 25 November 2022.
2 September 2022	Ms Bell writes to Finance Secretary seeking information to assist with Inquiry.
9 September 2022	Finance Secretary responds that: *The Secretary of the Department at the relevant time, Rosemary Huxtable PSM, and staff of the Department were not aware the former Prime Minister had been sworn-in to administer the Department of Finance.* *I am also advised the Department did not provide or receive any advice regarding the former Prime Minister's potential or actual appointment or his potential exercise of powers of the Finance portfolio.*
15 September 2022	Ms Bell acknowledges receipt of letter and notes that if Secretary or another representative from Finance wishes to meet with her, to please let her know via email.

Date:	17 October 2022
Cleared by (SES):	Mary Wiley-Smith
Telephone No:	6215 3075
Group/Branch:	BES
Contact Officer:	Kelly Hoffmeister
Telephone No:	02 6215 2594
Consultation:	All Deputy Secretaries and the following Division Heads were consulted in the development of the response to the request for information to inform the Inquiry - Financial Analysis, Reporting and Management Division, Budget Policy and Coordination Division, Ministerial and Parliamentary Support Division and Corporate Services Division
PDR Number:	SB22-000092
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ATTACHMENT A

APPOINTMENT OF MINISTER OF STATE

I, DAVID JOHN HURLEY, Governor-General of the Commonwealth of Australia, pursuant to section 64 of the Constitution, hereby appoint SCOTT JOHN MORRISON, a member of the Federal Executive Council, to administer THE DEPARTMENT OF FINANCE.

Signed and sealed with the
Great Seal of Australia on
30 March 2020

Governor-General

REVIEW OF THE PARLIAMENTARY BUSINESS RESOURCES ACT AND IPEA ACT AND INTERACTIONS WITH THE SET THE STANDARD REPORT

Subject/Issue

Implementation of the *Independent Review of the Parliamentary Business Resources Act 2017 and the Independent Parliamentary Expenses Authority Act 2017* (the Review).

Key facts and figures

- The Review report was tabled on 2 August 2022.
- The Government supported all recommendations in principle.
- The Department of Finance (Finance) is leading implementation and is working with others, including the Remuneration Tribunal, the Independent Parliamentary Expenses Authority (IPEA), and the parliamentary departments.

Key points

- The Review found that the legislative framework is broadly meeting its objectives, but that there are areas for improvement, making 30 recommendations (Attachment A) spanning:
    - reporting and certifications processes
    - service delivery and training
    - the administration of public resources, and
    - better supporting a diverse modern Parliament.
- Several of the recommendations interact with the *Set the Standard: Report on the Independent Review into Commonwealth Parliamentary Workplaces* (Set the Standard Report).
    - Implementation of these recommendations is being considered in the context of other work relevant to Commonwealth Parliamentary Workplaces to ensure overarching alignment.
    - The Department of the Prime Minister and Cabinet (PM&C) is leading the implementation of the Set the Standard Report.
- The Review report and the Government's response was published on Finance's website.

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. The final Review report was provide to the previous Government in December 2021.

Scope and review process

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 of 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.

Interactions with the Set the Standard Report

Several of the Review's recommendations interact with the Set the Standard Report, particularly the establishment of an Office of Parliamentarian Staffing and Culture (OPSC).

Recommendation	Comment
7. Amend definition of ***MOP(S) staff member*** to facilitate payment of expenses to attend job interviews, relocate and commence employment under the *Members of Parliament (Staff) Act 1984* (MOP(S) Act)	The recommendation was referred to the *Review of the MOP(S) Act* for consideration. A review of the MOP(S) Act was recommended by the Set the Standard Report (recommendation 18). The MOP(S) Act review was released on 7 October 2022 and made no recommendations on this matter.

Recommendation	Comment
10. Seek legal advice regarding how IPEA's audit function could be expanded to encompass all allegations or complaints regarding the use of all PBR public resources and non-travel related MOP(S) staff matters	Any proposed expansion would need to consider the functions and responsibilities of the OPSC and Independent Parliamentary Standards Commission.
13. Administering agencies to develop formal information-sharing protocols 14. Administering agencies to establish a 'one-stop shop' (including a shared website and/or helpline) to assist parliamentarians and MOP(S) staff to navigate different agencies 15. Administering agencies to establish governance arrangements for joined-up administration, including a high-level steering committee 16. Administering agencies to work together to design PBR training, guidance and factsheets. Induction training to be available in-person and online. Training and guidance to be accessible through a single-entry point 17. Administering agencies to continue developing training packages on office administration and budgeting (including tools and resources)	The development of information sharing protocols, a 'one stop shop', and governance arrangements for joined-up administration will be dependent on the functions and responsibilities of the OPSC (recommendation 11 of the Set the Standard Report).
21. The Department of Parliamentary Services (DPS) to provide ICT under the EOIT and office expenses budgets as seamlessly as possible. Finance and DPS to consider administrative arrangements to improve functioning of EOIT and ICT under the office expenses budget 22. DPS to regularly reconsider its ICT catalogue to provide a wider range of ICT and adopt an 'if not, why not' approach when considering ICT requests	DPS is responsible for the provision of ICT equipment to parliamentarians and their staff. While the recommendations are being progressed, they could be impacted by the functions and responsibilities of the OPSC.
23. Consider moving office expenses administration function to IPEA	Finance is responsible for the administration of office expenses. The recommendation is dependent on the functions and responsibilities of the OPSC.
30. Government to consider the safety and security of parliamentarians and MOP(S) staff working in privately-leased offices	To ensure joined-up policy development, recommendation will be considered in the context of implementing recommendation 25 of the Set the Standard Report that considers ways to address WHS risks in Commonwealth Parliamentary Workplaces.

Date:	13 October 2022
Cleared by (SES):	David De Silva
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Consultation:	Resource Management Branch, Governance Division
PDR Number:	SB22-000084
Last Printed:	23/11/2022 3:39 PM

ATTACHMENT A

Recommendations

The Reviewers make the following recommendations:

Recommendation 1
Clear reporting – Improving accuracy and understanding

Reporting of office facilities should be consistent with reporting of office establishment, relocation and refurbishment expenses. This reporting should be included on the IPEA website. IPEA should update its website to ensure that general contextual information about expenditure is more visible and proximate to the public resource category being reported.

Recommendation 2
Reporting – Office facilities

IPEA should publicly report 'satellite' office expenses separately from 'office facilities'.

Recommendation 3
Reporting – Committee charter travel

Parliamentary committee charter travel costs should be reported on a cohort basis against the committee rather than as part of an individual parliamentarian's expenditure, provided claims for these costs are supported by a statement from the relevant committee secretariat which indicates the requirement to travel.

Recommendation 4
Reporting – Public resources administered by DPS

DPS should provide data for all public resources it administers to IPEA on a regular basis for inclusion in quarterly expenditure reports, in accordance with IPEA's statutory reporting function.

Recommendation 5
Special Purpose Aircraft

Review the administration of SPA under the PBR Framework to ensure arrangements are working in a joined-up way to fulfil the PBR Framework's objectives of efficiency, accountability, transparency and value for money and changes necessary to achieve this are reflected in SPA Guidelines, and the Commonwealth Transport Determination if relevant.

Recommendation 6
Certification process

IPEA should provide clear information to parliamentarians and their staff about the purpose and process of certifying quarterly expenditure reports, and should ensure that where an administering agency is responsible for expenditure, the parliamentarian is certifying that they have read the certification provided and that their use of public resources is within the legislated purpose. IPEA's website statement should provide additional information explaining this context.

Recommendation 7
Travel expenses in connection with MOP(S) staff employment (IPEA Act)

The Government consider amending the definition of 'MOP(S) staff member' to facilitate the payment of expenses associated with attending job interviews, relocating and commencing employment under the MOP(S) Act.

Recommendation 8
Personal advice (IPEA Act)

The Government consider amending the IPEA Act to expressly facilitate IPEA providing personal advice about staff use of travel resources to their employing parliamentarian and advice about parliamentarians' use of travel resources to their staff.

Recommendation 9
Reporting of voluntary payments (IPEA Act)

The Government consider amending the relevant IPEA Act definitions to refer to Part 4 of the PBR Act to expressly facilitate IPEA reporting on voluntary repayments and penalties with context.

Recommendation 10
Scope of audit function (IPEA Act)

The Government should seek detailed legal advice as to how IPEA's audit function could be expanded to encompass all allegations or complaints regarding the use of all public resources under the PBR Framework (including non-travel related MOP(S) staff matters).

Recommendation 11
Rulings – Former parliamentarians (PBR Act)

The Government should consider amending the PBR Act to clarify that a former parliamentarian can apply for a ruling and IPEA can make such a ruling.

Recommendation 12
Definition of 'transport costs' (PBR Regulations)

The Remuneration Tribunal consider enquiring into the definition of 'transport costs' in section 5 of the PBR Regulations with a view to including costs associated with transport, such as road tolls.

Recommendation 13
Formal information-sharing protocols

The Government should require agencies with chief responsibilities for administering the PBR Framework to develop formal information-sharing protocols between them.

Recommendation 14
One-stop shop

Administering agencies should establish a 'one-stop shop' to assist parliamentarians and MOP(S) staff to navigate different agencies. The form of a 'one-stop shop' could involve, among other things, a shared website and/or helpline.

Recommendation 15
Governance for joined-up administration

Administering agencies should establish governance arrangements to facilitate joined-up administration of the PBR Framework. This could include a high-level steering committee with representation from all major administering agencies to create and oversee a program to identify challenges and solutions to provide joined-up administration and establish and maintain a 'one-stop shop'.

Recommendation 16
Induction and ongoing training and guidance

Administering agencies should work together to design training, guidance and factsheets for parliamentarians and staff concerning the PBR Framework generally, as well as discrete elements, such as public resources under the PBR Regulations; explaining administrative responsibilities and processes under the PBR Framework; and available tools and resources.

Induction training should be available in-person as well as online. Training and guidance should be accessible through a single-entry point.

Recommendation 17
Budget training

Administering agencies should continue developing training packages on office administration and budgeting (including the tools and resources) to be made available to both parliamentarians and their staff.

Recommendation 18
Budget training and potential roll over relief

Consider a small annual rollover of unspent funds from the previous year's office expenses budget up to a maximum of the value of the late delivery impact for goods and services ordered before 30 June, but not delivered until the new financial year.

Recommendation 19
Simplifying office expenses into principles-based categories

The Government should consider simplifying the office expense categories in section 66(1) of the PBR Regulations into broader categories based on the overarching principles of the PBR Framework, but these principles should be balanced by specific conditions.

Recommendation 20
'Commercial purposes of another person'

Section 66(4) of the PBR Regulations should be administered, or amended, if necessary, to permit incidental references to another person's commercial purpose. Finance should continue to provide guidance and encourage parliamentarians to seek pre-claim assessments.

Recommendation 21
ICT function and budgets

DPS should manage provision of ICT under the EOIT and office expenses budgets as seamlessly as possible, and ensure that parliamentarians are aware of any different arrangements that apply if they need to use their office expenses budget for ICT. Finance and DPS should consider administrative arrangements for the office expenses budget and EOIT budget to improve their functioning, while maintaining the flexibility of allowing additional ICT to be supplied under the office expenses budget.

Recommendation 22
DPS' ICT offerings

DPS should regularly reconsider its catalogue of ICT offerings with a view to providing a wider range of appropriate ICT offerings for parliamentarians and their offices and work on the principle of 'if not, why not' when considering parliamentarians' ICT requests.

Recommendation 23
Office expenses administration function

The Government should consider moving the office expenses administration function to IPEA.

Recommendation 24
Accompanying infants and carers travel

Accompanying infants and carers travel should be:

- disaggregated from Family Reunion Travel so that it is accessed independently
- publicly reported on a cohort basis of relevant parliamentarians
- available to parliamentarians who are parents of children up to a consistent school commencement age (say, 6).

Recommendation 25
Support for special requirements

The Remuneration Tribunal (and other administering agencies, as appropriate) should inquire into what can be provided to better support parliamentarians with exceptional physical, family or other requirements.

Recommendation 26
COMCAR – Shuttle

COMCAR and the Chamber Departments should examine the opportunity for the Shuttle service to leverage CARS to improve the service and ensure that clients' special requirements are captured.

Recommendation 27
COMCAR – Service Charter

COMCAR's Service Charter should be amended to ensure that its:

- drivers are appropriately trained to meet reasonable special requirements of clients notified to COMCAR
- service guarantee notes that reasonable special requirements notified to COMCAR will be met; and
- performance against its Service Charter should be regularly reviewed.

Recommendation 28
Resourcing for large electorates

The Government should consider a broader range of factors in addition to the geographical size of electorate when considering the nature of support provided for privately-leased offices.

Recommendation 29
ICT for satellite offices

If a parliamentarian's privately-leased satellite office premises meet DPS' network connectivity and security requirements, DPS should provide support for any Commonwealth ICT in the office.

Recommendation 30
WHS and security for satellite and privately-leased offices

That the Government undertake further work that considers the safety and security of parliamentarians and MOP(S) staff working in satellite and privately-leased offices.

PARLIAMENTARY EXPENSES MANAGEMENT SYSTEM

Subject/Issue

PEMS functionality and performance and ease of use.

Key facts and Figures

- PEMS is an integrated ICT solution that:
  - allows parliamentarians and their staff to administer and manage allowances, work expenses and associated services.
  - enhances transparency, accountability and reporting of parliamentarian's expenses.
  - enables a digital end to end expense claim process by allowing Parliamentarians and staff to access PEMS from anywhere at any time from any computer or mobile device.
- PEMS uptake is increasing.
  - As at 30 September 2022, 90 percent of parliamentarians have registered to use PEMS and there are 2,049 users of the system
  - Between 4 July and 30 September 2022, 31,532 office claims and 20,749 travel-related claims have been processed

Key Issues

- On 4 July 2022, new PEMS functionality was rolled out.
- This enabled Parliamentarians and their staff to better monitor and manage office and travel expense claims online and, depending on their role, access budget reports.
- As with many IT roll outs, there have been some initial system issues, related to specific payment transactions and system response times. These issues were quickly identified and resolved.
- Finance is focussed on addressing any system issues with the recent rollout as an immediate priority, while also including examining enhancements that would improve the user experience.
- This prioritisation has impacted the timeline for delivery of the expenditure reporting function
- It is critical that the reporting functionality provides clients with accurate and accessible data to ensure appropriate transparency and accountability.

If asked about payment errors

- While all likely scenarios are tested, ‘going live’ can identify unanticipated issues that require remediation.
    - On 5 July, Finance identified 10 payments totalling $28,630 for office related expenses were incorrectly paid to nine parliamentarians instead of suppliers.
    - The programming error was corrected within one day.
    - Payments to all suppliers were processed in July 2022.
    - Actions to recover funds was initiated immediately. All but three are complete.
- Recently Finance and IPEA identified a number of payments to office expense suppliers and travel expenses have been paid twice.
    - Again, system changes were quickly implemented to correct this issue
    - Finance and IPEA are in the process of recovering these funds.

If asked about the Expenditure Reporting Functionality

- Delivery of Expenditure Reporting functionality is delayed.
- This complex functionality must provide appropriate transparency and accountability, and the system must accurately extract the correct data on individual parliamentarian’s office expenses and travel claims.
- Finance is working with IPEA on delivery of this function as a priority. The delivery timeframes are to be confirmed.
- In October 2022, IPEA released the quarterly expenditure reports for the period 1 April to 30 June 2022.
- Future reports will be released once the build for Expenditure Reporting functionality is completed.

If asked about system performance issues

- Shortly after the 4 July 2022 release, clients did raise concerns about system response times e.g. the time to load claims.
- Finance deployed additional releases to improve performance and continues to monitor the system.
- Finance is happy to speak with Parliamentarians and or their staff who are experiencing any issues with the system.

If asked how is Finance supporting users

- To assist with the 4 July 2022 roll out, Finance enhanced its client support, including a dedicated team to monitor the system and respond to issues.
- A comprehensive package of training sessions and supporting material, including instructional videos and help guides, was made available to users.
- Currently Finance is focussed on:
  - System changes that improve user experience
  - Providing an ongoing PEMS helpdesk to assist users to navigate PEMS and ensure any system issues are escalated and remedied quickly.
  - Enhanced range of training including face-to-face training opportunities at all CPOs, developing PEMS Super User training and developing a PEMS basic instruction book.
- To encourage uptake, a new PEMS Communication Plan will incorporate rolling regular PEMS e-news and updates and a refresh of the PEMS online presence. One-on-one training sessions will also be offered.

Background

PEMS responds to Recommendation 30 of the *Review into An Independent Parliamentary Entitlements System.*

<u>Timeframe</u>

The project was approved in December 2017 and has been delivered in milestones since 2018.

- The original date for completion of the project was mid-2019.

Of the nine delivery milestones, 1 to 7 are complete, providing office and travel expense management, HR, payroll and WHS-related functions, access to budget information and reporting (excluding expenditure reporting).

Development was impacted by a number of issues including:

- a limited pool of PEMS developers, impact by the loss of technical delivery workforce due to a criminal matter.
- system complexities for some business functions, in particular reporting functionality .

Finance has taken measures to minimise the cost impact of the extended delivery and ensure effective delivery of the project, including enhanced governance, independent expert assurance and advice.

Financials

- 2017-18 MYEFO allocated $38.1m over four years with costs partially offset by operating savings from Finance and IPEA, with delivery in 2019.
  - The ongoing PEMS operating budget is $4.04m per year.
  - Further funds have been allocated by Finance and IPEA as the project has progressed
- As at 31 August 2022 expenditure on PEMS is $66.5 million ($65.8m to 30 June 2022 plus $0.67m of the FY22-23 operating budget).

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MOP(S) ACT STAFFING EXPLANATIONS AND TABLED DOCUMENTS

Subject/Issue

Tabled documents, personal classifications and security clearances for *Members of Parliament (Staff) Act 1984* (MOP(S) Act) employees.

Key facts and figures

Tabled Documents

- Attachment A: *Personal Employee Positions as at 1 October 2022* as allocated by the Prime Minister.
- Attachment B: *Personal Employee Position Variances – Government* – changes to the number and classification of personal employee positions since 1 March 2022 (previous tabled document).
- Attachment C: *Personal Classifications as at 1 October 2022* – summary of personal classifications that are higher than the position occupied.
- Attachment D: *Salaries above the Range as at 1 October 2022* – summary of differences in salaries above the range, noting there are currently no salaries above the range.

Key points

Government Personal Employee Positions

If asked about the variance in the number of Personal Employee positions?

- The number of Personal Employee positions is determined by the Prime Minister.
  - The allocation does not affect the number of electorate staff.
- As at 1 October 2022, there were 472 Government Personal Employee positions (no change from the previous Government as at 1 March 2022).

If asked about the reductions to Personal Employee positions for independent parliamentarians?

- This is a matter for the Prime Minister.
- Finance provides administrative support in relation to allocation decisions.
  - For example, Finance provided advice and support to parliamentarians to undertake office restructures to ensure a procedurally fair process.

  - Any MOP(S) Act employees who ceased employment as a result of a change in allocation was treated as a genuine redundancy and provided with severance pay.

Salaries above the range and personal classifications

- As at 1 October 2022, no MOP(S) Act employee was receiving a salary above the range (refer Attachment D).
- As at 1 October 2022, 10 MOP(S) Act employees were appointed at a higher classification than the classification for the position they occupy.(refer Attachment C)

Security clearances

If asked about the number of Ministerial staff who do not currently hold a security clearance?

- According to Finance's records, as at 1 October 2022 all Ministerial staff held a current security clearance or were undertaking the security vetting process.

If asked how many MOP(S) Act employees have been engaged

- As at 1 October 2022, there were 1,859 MOP(S) Act employees active on the MOP(S) payroll system.

Background

- In accordance with long established practice, Finance does not release information about individuals that may identify them.
  - By identifying specific offices, the identities of particular employees to which this information relates may become apparent.

Salaries above the range and personal classifications

- The Enterprise Agreement for MOP(S) Act employees specifies a salary range for each classification.
- The Prime Minister has authority under the MOP(S) Act to determine employment arrangements, including personal classifications or salaries above the range.
- Salaries above the range are distinct from personal classifications. An employee with a personal classification has the salary and conditions of their personal classification.

  For example, an Adviser with a personal classification of Senior Adviser is in all respects a Senior Adviser for both salary and terms and conditions. However, the position remains an Adviser position and if it becomes vacant, including temporarily, the position can only be filled at the Adviser level.

- A salary above the range for an employee is where the salary paid is above the top of the range of their classification. Only the salary is varied, and all of their other terms and conditions remain the same as their classification.
- Such arrangements may be put in place in recognition of particular skills, to match previous salaries or for other reasons considered appropriate.

Security clearances

- Under the Protective Security Policy Framework Ministers and, where authorised, Chiefs of Staff are responsible for:
  - timely notification of commencements and separation of staff; and
  - ensuring staff submit clearance packs in a timely manner.
- As part of administering the employment of ministerial staff, Finance initiates the security clearance process for new staff with the Australian Government Security Vetting Agency (AGSVA).
  - MOP(S) Act employees must submit their application and required information to AGSVA within 70 days.
- While an employee's security clearance is being processed, the relevant portfolio agency may provide interim access to secure information or networks.
- Finance notifies the relevant agency of the status of security clearance applications.

Official Establishments

- Staff employed to perform duties at the Prime Minister's Official Establishments (Kirribilli House and The Lodge) are employed by the Department of the Prime Minister and Cabinet (PMC) under section 13 of the MOP(S) Act.
- The table Personal Employee Positions provides information on staff for which Finance has HR responsibility and therefore does not include staff administered by PMC.

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Ministry

PORTFOLIO	Name	Principal Adviser	Chief of Staff 2	Senior Adviser 3	Senior Adviser 2	Chief of Staff 1	Senior Adviser 1	Senior Media Adviser 3	Senior Media Adviser 2	Senior Media Adviser 1	Media Adviser	Adviser	Assistant Adviser	Exec Assistant / Office Manager	Secretary / Admin Assist	Total
Prime Minister	*Mr Albanese	3		5	20		10					10	8			**56**
Deputy Prime Minister Minister for Defence	*Mr Marles	1		1	3		3					7	2	1		**18**
Minister for Foreign Affairs	*Sen Wong	1		1	3		3					7	2	1		**18**
Treasurer	*Dr Chalmers	1		1	3		3					7	2	1		**18**
Minister for Finance Minister for Women Minister for the Public Service (Vice-President of the Executive Council) (Manager of Government Business in the Senate)	*Sen Gallagher		1		4		3					5	2	1		**16**
Minister for Trade and Tourism (Special Minister of State)	*Sen Farrell		1		3		3					5	1	1	1	**15**
Minister for Employment and Workplace Relations Minister for the Arts (Leader of the House)	*Mr Burke		1		3		4					5	1	1	1	**16**
Minister for Health and Aged Care	*Mr Butler		1		3		3					6	1	1	1	**16**
Minister for Climate Change and Energy	*Mr Bowen		1		3		2					4	1	1	1	**13**
Minister for the Environment and Water	*Ms Plibersek		1		3		2					4	1	1	1	**13**
Minister for Infrastructure, Transport, Regional Development and Local Government	*Ms King		1		3		2					4	1	1	1	**13**
Minister for Indigenous Australians	*Ms Burney		1		3		2					4	1	1	1	**13**
Minister for Social Services	*Ms Rishworth		1		3		2					4	1	1	1	**13**
Minister for the National Disability Insurance Scheme Minister for Government Services	*Mr Shorten		1		3		2					4	1	1	1	**13**
Attorney-General Cabinet Secretary	*Mr Dreyfus		1		3		3					5	1	1	1	**15**
Minister for Skills and Training	*Mr O'Connor		1		3		2					4	1	1	1	**13**
Minister for Education	*Mr Clare		1		2		2					6	1		1	**13**
Minister for Housing Minister for Homelessness Minister for Small Business	*Ms Collins		1		3		2					4	1	1	1	**13**
Minister for Communications	*Ms Rowland		1		3		2					4	1	1	1	**13**
Minister for Resources Minister for Northern Australia	*Ms King		1		3		2					4	1	1	1	**13**
Minister for Agriculture, Fisheries and Forestry Minister for Emergency Management	*Sen Watt		1		3		2					4	1	1	1	**13**
Minister for Industry and Science	*Mr Husic		1		3		2					4	1	1	1	**13**
Minister for Home Affairs Minister for Cyber Security	*Ms O'Neil		1		3		2					4	1	1	1	**13**

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Personal Employee Positions as at 1 October 2022
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Ministry

MINISTERS	Name	Principal Adviser	Chief of Staff 2	Senior Adviser 3	Senior Adviser 2	Chief of Staff 1	Senior Adviser 1	Senior Media Adviser 3	Senior Media Adviser 2	Senior Media Adviser 1	Media Adviser	Adviser	Assistant Adviser	Exec Assistant / Office Manager	Secretary / Admin Assist	Total
Minister for Veterans' Affairs Minister for Defence Personnel	Mr Keogh [1]		1				2					1	1	2		**7**
Minister for Defence Industry Minister for International Development and the Pacific	Mr Conroy		1				2					2	1	1		**7**
Assistant Treasurer Minister for Financial Services	Mr Jones		1				2					1	2	1		**7**
Minister for Immigration, Citizenship and Multicultural Affairs	Mr Giles		1				2					2	1	1		**7**
Minister for Early Childhood Education Minister for Youth	Ms Aly		1				2					1	1	1		**6**
Minister for Aged Care Minister for Sport	Ms Wells		1				2					2	1	1		**7**
Minister for Regional Development, Local Government and Territories	Ms McBain		1				2					1	1	1		**6**
Total for Ministers		**6**	**26**	**8**	**86**	**0**	**77**	**0**	**0**	**0**	**0**	**125**	**42**	**29**	**18**	**417**

* Indicates Cabinet Minister

Notes:

1. Executive Assistant / Office Manager position allocated for a period of 12 months.

Personal Employee Positions as at 1 October 2022
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Ministry

ASSISTANT MINISTERS	Name	Principal Adviser	Chief of Staff 2	Senior Adviser 3	Senior Adviser 2	Chief of Staff 1	Senior Adviser 1	Senior Media Adviser 3	Senior Media Adviser 2	Senior Media Adviser 1	Media Adviser	Adviser	Assistant Adviser	Exec Assistant / Office Manager	Secretary / Admin Assist	Total
Assistant Minister for Social Services Assistant Minister for the Prevention of Family Violence	Ms Elliot											1	1			2
Assistant Minister for Defence Assistant Minister for Veterans' Affairs Assistant Minister for the Republic	Mr Thistlethwaite											1	1			2
Assistant Minister for Competition, Charities and Treasury	Dr Leigh											1	1			2
Assistant Minister to the Prime Minister	Mr Gorman											1	1			2
Assistant Minister for Climate Change and Energy	Sen McAllister											1	2			3
Assistant Minister for Infrastructure and Transport	Sen Brown											1	1			2
Assistant Minister for Health and Aged Care	Ms Kearney											1	1			2
Assistant Minister for Mental Health and Suicide Prevention Assistant Minister for Rural and Regional Health	Ms McBride											1	1			2
Assistant Minister for Indigenous Australians Assistant Minister for Indigenous Health	Sen McCarthy											1	1			2
Assistant Minister for Manufacturing Assistant Minister for Trade	Sen Ayres											1	1			2
Assistant Minister for Education Assistant Minister for Regional Development	Sen Chisholm											1	1			2
Assistant Minister for Foreign Affairs	Mr Watts											1	1			2
Total for Assistant Ministers (Parliamentary Secretaries)		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**12**	**13**	**0**	**0**	**25**
OTHER																
Caucus Support Unit	Ms Ryan			1	1		2					6	4			**14**
Interim Staffing Unit	*Sen Gallagher															**0**
Office of Staff Support	*Sen Farrell						1					2	1			**4**
Special Envoy	Sen Dodson											1	1			**2**
Special Envoy	Ms Templeman											1	1			**2**
Special Envoy	Sen Sheldon											1	1			**2**
Special Envoy	Sen Green											1	1			**2**
Total for Other		**0**	**0**	**1**	**1**	**0**	**3**	**0**	**0**	**0**	**0**	**12**	**9**	**0**	**0**	**26**
SUMMARY																
Unallocated pool					2		2									**4**
Total Allocated		**6**	**26**	**9**	**87**	**0**	**80**	**0**	**0**	**0**	**0**	**149**	**64**	**29**	**18**	**468**
TOTAL GOVERNMENT POOL POSITIONS (including Unallocated)																**472**

Personal Employee Positions as at 1 October 2022
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Opposition

Office	Name	Chief of Staff 2	Senior Adviser 2	Senior Adviser 1	Senior Media Adviser 1	Media Adviser	Adviser	Assistant Adviser	Executive Assistant	Secretary / Admin Assist	Total
Leader of the Opposition	Mr Dutton	1	5	11			9	7	2	1	**36**
Deputy Leader of the Opposition	Ms Ley		1	1			2	1			**5**
Leader of the Opposition in the Senate	Sen Birmingham		1	1			2		1		**5**
Deputy Leader of the Opposition in the Senate	Sen Cash			1			1			1	**3**
Shadow Ministers			1	21			18	9	3	1	**53**
Shadow Assistant Ministers											**0**
TOTAL		**1**	**8**	**35**	**0**	**0**	32	**17**	**6**	**3**	**102**

Personal Employee Positions as at 1 October 2022
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Whips

Government Whips	Name	Adviser	Assistant Adviser	Exec Assistant / Office Manager	Secretary / Admin Assist	Total
Chief Government Whip in the House of Representatives	Ms Ryan	2		3	1	6
Government Whip in the House of Representatives	Ms Stanley					0
Government Whip in the House of Representatives	Mr Smith					0
Government Whip in the Senate	Sen Urquhart	1	1	1	1	4
TOTAL		**3**	**1**	**4**	**2**	**10**

Opposition Whips	Name	Adviser	Assistant Adviser	Executive Assistant	Secretary / Admin Assist	Total
Chief Opposition Whip in the House of Representatives	Mr Van Manen	1	2			3
Opposition Whip in the House of Representatives	Ms Price				1	1
Deputy Opposition Whip in the House of Representatives	Mr Ramsay					0
Chief Opposition Whip in the Senate	Sen Askew		2			2
The Nationals Whip in the House of Representatives	Sen Cadell					0
Leader of the Nationals in the Senate	Sen McKenzie		1			1
TOTAL		**1**	**5**	**0**	**1**	**7**

Australian Greens Whip	Name	Adviser	Assistant Adviser	Executive Assistant	Secretary / Admin Assist	Total
Australian Greens Whip	Sen McKim					0
TOTAL		**0**	**0**	**0**	**0**	**0**

Personal Employee Positions as at 1 October 2022
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Australian Greens

Office	Name	Senior Adviser 1	Adviser	Assistant Adviser	Executive Assistant	Total
Leader of the Australian Greens (Member for Melbourne)	Mr Bandt	3	6	7	2	**18**
Senator for Western Australia [1]	Sen Steele-John			1		**1**
TOTAL		**3**	**6**	**8**	**2**	**19**

1. Assistant Adviser position allocated for the duration of the Disability Royal Commission, for the life of the 47th Parliament

Minority Parties

Office	Name	Adviser	Assistant Adviser	Executive Assistant	Secretary / Admin Assist	Total
Leader of Pauline Hanson's One Nation	Sen Hanson	1	1			2
United Australia Party	Sen Babet	1	1			2
TOTAL		2	2			4

1. Assistant Adviser position allocated for the life of the 47th Parliament.

Parliamentarians Not Affiliated with a Major Political Party

Office		Adviser	Assistant Adviser	Executive Assistant	Secretary / Admin Assist	Total
Senator for Queensland	Sen Roberts	1	1			2
Senator for Tasmania	Sen Lambie	1	1			2
Senator for Tasmania	Sen Tyrrell	1	1			2
Senator for Australian Capital Territory	Sen Pocock	1	1			2
Member for Indi	Dr Haines	2				2
Member for Kennedy	Mr Katter	2				2
Member for Goldstein	Ms Daniel	1				1
Member for Curtin	Ms Chaney	1				1
Member for Clark	Mr Wilkie [1]	1	1			2
Member for Mayo	Ms Sharkie	2				2
Member for North Sydney	Ms Tink	1				1
Member for Warringah	Ms Steggall	1				1
Member for Wentworth	Ms Spender	1				1
Member for Mackellar	Dr Scamps	1				1
Member for Kooyong	Dr Ryan	1				1
Member for Fowler	Ms Le	1				1
TOTAL		19	5	0	0	24

1. Assistant Adviser position allocated for a period of 18 months.

Personal Employee Positions as at 1 October 2022

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Former Prime Ministers and Leaders

Other Former Leaders	Senior Adviser	Adviser	Assistant Adviser	Executive Assistant	Total
Former Prime Minister (Mr Morrison) [1]	1	1			2
TOTAL	**1**	**1**	**0**	**0**	**2**

1. Senior Adviser position allocated for a period of no longer than 12 months, while the former Prime Minister remains in the Parliament.

Former Prime Ministers no longer in Parliament	Senior Adviser	Adviser	Assistant Adviser	Executive Assistant	Total
The Hon P J Keating		1	1	1	3
The Hon J Howard OM AC		1	1	1	3
The Hon J Gillard AC		1	1	1	3
The Hon K Rudd		1	1	1	3
The Hon M Turnbull		1	1	1	3
The Hon A Abbott		1	1	1	3
TOTAL	**0**	**6**	**6**	**6**	**18**

Personal Employee Positions as at 1 October 2022
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Presiding and Deputy Presiding Officers

Office	Name	Senior Adviser 1	Adviser	Assistant Adviser	Executive Assistant	Secretary / Admin Assist	Total
President of the Senate	Sen Lines	1	2		1		**4**
Deputy President of the Senate & Chair of Committees	Sen McLachlan			1			**1**
TOTAL		**1**	**2**	**1**	**1**	**0**	**5**

Office	Name	Senior Adviser 1	Adviser	Assistant Adviser	Executive Assistant	Secretary / Admin Assist	Total
Speaker of the House of Representatives	Mr Dick	1	2	2	1		**6**
Deputy Speaker of the House of Representatives	Ms Claydon		1		1		2
Second Deputy Speaker of the House of Representatives [1]	Mr Goodenough					0.15	**0.15**
TOTAL		**1**	**3**	**2**	**2**	**0.15**	**8.15**

1. Position is only available in sitting weeks (establishment for 2022 calculated as 8 sitting weeks for HoR divided by 52.14 weeks - based on Spring Parliamentary Sitting Calendar issued 29.11.21).

Personal Employee Position Variances - Government

1 March 2022 to 1 October 2022 (inclusive)

Classification of position allocated	Allocation as at 1 March 2022 (Morrison Gov)	Allocation as at 1 October 2022 (Albanese Gov)	Net difference
Principal Adviser	6	6	0
Chief of Staff 2	22	26	4
Senior Adviser 3	10	9	-1
Senior Adviser 2	75	87	12
Chief of Staff 1	6	0	-6
Senior Adviser 1	75	80	5
Senior Media Adviser 3	0	0	0
Senior Media Adviser 2	0	0	0
Senior Media Adviser 1	3	0	-3
Media Adviser	2	0	-2
Adviser	147	149	2
Assistant Adviser	80	64	-16
Executive Assistant / Office Manager	29.8	29	-0.8
Secretary/Administrative Assistant	16	18	2
Consultant	0	0	0
Pool (unallocated positions)	0	4	4
Grand Total *	**471.8**	**472**	**0.2**

*Includes positions allocated to Ministers, Assistant Ministers, Special Units, Special Envoys.
**The Albanese Government has ceased the use of salaries above the range and returned to the practice of remuneration within established classifications and the use of personal classifications where appropriate and required (see pages 11 – 12).

PERSONAL CLASSIFICATIONS AS AT 1 October 2022

Where an employee is appointed at a *higher classification* level than the classification of the position they occupy

PERSONAL CLASSIFICATION	NUMBER OF STAFF @ 1 OCT 2022	NUMBER OF STAFF @ 1 MAR 2022
Chief of Staff 2	2	0
Senior Adviser 3	1	0
Senior Adviser 1	3	0
Adviser	1	1
Assistant Adviser	2	0
Executive Assistant / Office Manager	1	0
Government, Opposition and non-Government	**10**	**1**

SALARIES ABOVE THE RANGE AS AT 1 OCT 2022

Where an employee is paid at a *higher salary* than the top of the salary range for their classification

	NUMBER OF STAFF @ 1 OCT 2022	VARIANCE FROM @ 1 MAR 2022	AGGREGATE ANNUAL ADDITIONAL SALARY @ 1 OCT 2022	VARIANCE FROM @ 1 MAR 2022
Government, Opposition and non-Government	**0**	**-58**	**$ -**	**-$ 1,563,647**

UPDATE ON PAYMENT OF FINAL MONIES TO MOP(S) EMPLOYEES POST THE FEDERAL ELECTION

Subject/Issue

Payment of final monies to MOP(s) Act employees post the federal election.

Key facts and figures

- Since the election was called, Finance has processed 1,193 final monies
- This represents about two-thirds of the total average number of MOP(S) employees (approx. 1,900).

Key points

- Finance set an internal KPI of paying 95% of final monies within two pay periods after the termination took effect, where all paperwork was received.
- Despite the much higher volume of payments, the vast majority of final monies for automatic termination were made within two pay periods (86%).
- Under the Enterprise Agreement employees were able to choose to either receive a severance payment if they had a break in service of at least one day before being re-engaged as a MOP(S) Act employee or they could opt to not receive a severance payment and maintain continuity of service.

Total severance payments for automatic terminations by elections

Election	No. of staff	Total severance payments
2013 (CoG)	506	***Unable to extract***
2016	332	$8,571,005
2019	463	$12,786,953.56
2022	776	$31,438,137.97

- Total severance payments made due to automatic terminations in 2022 was:
  - 67% higher than 2019
  - 53% higher than 2013 (change of government)

Total 2022 Final Monies (11 April -29 September 2022)

	Ongoing	Non-ongoing	Total	Paid within KPI	% within KPI
Automatic termination	742	34	776	667	86%
Other*	197	220	417	222	53%
Total	**939**	**254**	**1,193**	**889**	**75%**

*Employment ended due to office restructure, contract expiration, other resignation or termination.

MOP(S) FINAL MONIES

Breakdown by Party for all final monies

Party	No. of staff	Total Final monies payments *
ALP	s47F [redacted]	$8,707,956.25
Greens		$2,330,358.75
Independents		$2,203,300.53
Liberal Party		$47,522,686.11
National Party		$7,165,572.60
TOTALS	**1,193**	**$67,929,874.24**

*includes payment of notice, annual leave, LSL etc.

Breakdown by Party for automatic terminations

Party	No. of staff	Total severance payments	Total Final monies payments *
ALP	s47F [redacted]	$3,437,254.71	$6,786,762.76
Greens		$1,075,741.77	$2,237,764.36
Independents		$907,666.89	$1,639,925.12
Liberal Party		$22,414,840.25	$46,269,417.56
National Party		$3,602,634.33	$7,139,176.18
TOTALS	**776**	**$31,438,137.97**	**$64,073,045.98**

*includes payment of notice, annual leave, LSL etc.

Breakdown of payments for all final monies

Amount of paid	No. of staff	Amount of paid	Number of staff
$0-$25,000	s47F [redacted]	$175,001-$200,000	s47F [redacted]
$25,001-$50,000		$200,001-$250,000	
$50,001-$75,000		$250,001-$300,000	
$75,001-$100,000		$300,001-$350,000	
$100,001-$125,000		$350,001-$400,000	
$125,001-$150,000		+$400,001	
$150,001-$175,000		**TOTAL**	**1,193**

Breakdown of payments for automatic terminations

Amount of paid	No. of staff	Amount of paid	No. of staff
$0-$25,000	s47F [redacted]	$175,001-$200,000	s47F [redacted]
$25,001-$50,000		$200,001-$250,000	
$50,001-$75,000		$250,001-$300,000	
$75,001-$100,000		$300,001-$350,000	
$100,001-$125,000		$350,001-$400,000	
$125,001-$150,000		+$400,001	
$150,001-$175,000		**TOTAL**	**776**

- The average payment for automatic terminations was $82,568.36.

s47F

[redacted]

Process

- MaPS established a surge team to process of final monies to minimise the impact of final monies work on other payroll activities including processing:
    - Over 24,000 individual pays to MOP(S) employees
    - Over 4,745 new contracts
    - 1,323 retention payments
    - 236 pay increments
- Final monies were processed on a 'first in/first out' basis once all paperwork was submitted.
    - Priority was given to those not re-engaged as a MOP(S) Act employee.
- If Finance could not make a payment within the KPI, employees were contacted and consideration given to financial hardship and special pay run.

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PDR Number:	SB22-000087
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NEW COMCAR FLEET

Subject/Issue

Process for choosing a new COMCAR fleet.

Key points

- In line with the Government's commitment to deliver a low emissions vehicle (LEV) target for the Commonwealth fleet, Finance is evaluating a range of EVs for potential use in a future COMCAR fleet.

- A new COMCAR fleet will comply with the Australian Government Fleet Vehicle Selection Policy (policy) which states that vehicles must:
  - have a five star Australasian New Car Assessment Program (ANCAP) safety rating
  - meet minimum fit for purpose requirements
  - provide value for money, and
  - address environmental considerations

- Finance has conducted an assessment of range of electric vehicles available in Australia. This comprised:
  - initial desk top analysis (approx. 40 EV and PHEVs)
  - preliminary physical inspection (14 EVs)
  - a more detailed assessment (9 EVs).
- The final analysis and decision is yet to be made but will take into account commercial negotiations and delivery timeframes.

- Finance is expecting make a decision and place orders by the end of 2022.

<u>If asked about the vehicles assessed</u>

- A more detailed assessment was undertaken in relation to:
  - BMW IX
  - BMW IX3
  - Polestar 2
  - Genesis GV60
  - Genesis GV70
  - Kia EV6
  - Tesla Model 3
  - Tesla Model Y
  - Hyundai Ioniq 5
- This occurred on 26 September 2022 and included office from the AFP and the Department of the Prime Minister and Cabinet

If asked about the detailed assessment

- The detail assessment examined a range of factors such as:
  - battery capacity and vehicle charging capability
  - vehicle handling, manoeuvrability and performance in a variety of traffic conditions
  - vehicle safety and security
  - driver and passenger comfort, including ease of access for passengers
  - luggage space, and
  - potential integration with the COMCAR Automated Resource System (CARS)
  - security factors.

If asked about timing of a new EV fleet

- The timeframe for a new COMCAR fleet is dependent on:
  - the selected vehicle manufacturer's production and delivery schedule
  - current fleet lease expiry dates (noting some leases will be extended).
- COMCAR is planning to commence transition in mid to late 2023 with the entire new fleet in place no later than June 2024.

If asked about the cost of the new fleet

- While the initial purchase price of EVs are expected to cost more than equivalent internal combustion engine vehicles, savings are expected in fuel and maintenance.

- COMCAR will ensure procurement provides value for money and accords with the other requirements of the Australian Government Fleet Vehicle Selection Policy.

If asked whether the assessment/analysis will be released?

- Finance is not proposing to publicly release the assessment of vehicles given this includes both commercially sensitive information as well as security assessments.

If asked about charging infrastructure

- Finance will use both public and COMCAR specific charging infrastructure:

- Finance is currently determining infrastructure upgrades at a number of COMCAR depots to support an EV fleet.

Background

The Government has committed to increasing LEV uptake via several measures, including a National Electric Vehicle Strategy, maximising electric vehicle charging infrastructure through the Driving the Nation Fund and a LEV target to be applied to new vehicles ordered under the Commonwealth Fleet arrangement.

The current COMCAR fleet was introduced in 2019/20consists of 160 vehicles, comprising:

- 97 BMW 6-Series GT sedans (turbo-diesel)
- 45 Toyota Camry Hybrid sedans
- 15 Kia Carnival people movers
- 2 Toyota Hi-ace baggage vans.

A Tesla Model 3 was also used as part of an EV trial

COMCAR normally leases its vehicles for three years. Some leases will be extended to accommodate infrastructure upgrades and delivery timeframes.

Along with the Australian Government Fleet Selection Policy requirements, COMCAR also assessed the vehicles against a range of key usability criteria, including vehicle safety, operability, driver and passenger comfort, security considerations, and fitness for purpose for BAU and Guest of Government visits.

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MOP(S) ACT REVIEW – KEY FINDINGS AND RECOMMENDATIONS

Subject/Issue

The MoP(S) Act review was publicly released on 7 October 2022.

Key facts and figures

- PM&C is leading the implementation of the recommendations
  - Any questions relating to the review should be directed to PM&C.

Key points

- The review found that while the existing framework of the MoP(S) Act was broadly appropriate, the framework requires some amendments to modernise it, provide greater clarity, and improve transparency.
- The review made 15 recommendations (**Attachment A**) across four broad themes:
  a) the employment framework
  b) recruitment and engagement
  c) accountabilities, expectations and responsibilities
  d) employment separation (termination).
- Most recommendations require legislative changes to the MoP(S) Act and policy changes for consideration by Office of Parliamentarian Staffing and Culture (OPSC) once established.
- The Government and the Opposition support all recommendations in principle.
  - Senator Gallagher and Senator Farrell issued a joint media release on 7 October
  - Senator Hume, The Hon Sussan Ley MP, and Senator Davey issued a joint media release on 7 October.
- Several of the recommendations interact with the recommendations in the Set the Standard Report
  - Recommendations will need to be implemented in parallel
  - This includes the establishment of the OPSC and the Independent Parliamentary Standards Commission (IPSC).
- Finance will continue to work closely with PM&C in the implementation of both the Set the Standard Report and the MoP(S) Act review.

- The review emphasises the importance of the quality of HR advice and support provided to parliamentarians and staff
    - Finance has already started work to increase the accessibility and effectiveness of HR support ahead of the establishment of the OPSC
    - For example, Finance developed and delivered a new Parliamentary Induction Program following the 2022 Federal Election for parliamentarians and MoP(S) Act employees

If asked about commentary on Finance

- The recommendations are broadly consistent with the submission that Finance made to the review. In particular:
    - recommendations relating to the merging of Parts III and Parts IV of the MoP(S) Act (rec 1)
    - increasing the clarity of employer duties and obligations (rec 2)
    - modernising the MoP(S) Act to reflect current workplace relations legislative practices (rec 5, recs 9-11)
    - improved certainty of termination processes (recs 13 and 14).

- Submissions to the review critical of Finance are focused mainly on the period of the new Parliament and subsequent personal staffing allocations:
    - Reductions to Personal Employee positions for Independent parliamentarians are a matter for the Prime Minister.
    - Finance provides administrative support in relation to allocation decisions:
        - For example, Finance provided advice and support to parliamentarians to undertake office restructures to ensure a procedurally fair process
        - Any MOP(S) Act employees who ceased employment as a result of a change in allocation was treated as a genuine redundancy and provided with severance pay.

Background

The Set the Standard Report recommended a review of the MoP(S) Act (rec 18).

On 10 February 2022, the then Prime Minister commissioned PM&C to undertake the review.

The scope of the review included:

- the recruitment of MoP(S) Act staff, including the transparency of arrangements, the use of merit-based recruitment, and pre-engagement checks
- procedural fairness for the terms, conditions and termination of employees and employers under the MoP(S) Act
- the responsibilities, expectation, and accountability of MoP(S) Act staff
- appropriate public reporting and accountability of the administration of the MoP(S) Act.

The review was informed by contributions from a wide range of stakeholders and interested parties.

Submissions to the MoP(S) Act review

Critical commentary of Finance in the review submissions mainly relate to:

- lack of clarity around who is responsible for employment of MoP(S) Act employees;
- the limits on Finance's ability to take action;
- the view that Finance serves parliamentarians rather than MoP(S) Act employees;
- the time after the creation of the new Parliament:
  - CPSU submitted that guidance regarding dismissal on the grounds of office restructure and 'loss of trust or confidence' is ill-defined and potentially inconsistent with the Fair Work Act;
  - Criticism of the lack of information Finance provided after terminations as a result on reduction of allocations.
- Individuals comments on the considerable power that the PM has to determine staffing and resourcing and issues of under-resourcing.

Media

On 13 October 2022, The Australian reported discord among some parliamentarians about the staffing caps (**Attachment B**) and the use of crowd-funding to fund additional employee roles.

It was reported that the review of the MoP(S) Act had made it clear that current staffing levels were inadequate and had an adverse impact on the wellbeing and mental health of employees.

Finance responded to a media enquiry and were quoted as saying "spokeswoman for the Department of Finance said any employment arrangement made outside of the MoP(S) Act was "a matter for the individual parliamentarian".

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Recommendations

Recommendation 1 – Employee categories

The MoP(S) Act should be simplified by merging Parts III (Staff of office-holders) and IV (Staff of Senators and Members) into one part and reflecting three categories of MoP(S) employees: electorate employees; personal employees – ministerial; and personal employees – other.

Recommendation 2 – Employer duties

The MoP(S) Act should provide greater clarity over employment roles and responsibilities by setting out the specific duties of parliamentarians, the OPSC and the Prime Minister, and include an express power to delegate. The OPSC should have powers to require specified training, and report on the administration of the Act.

Recommendation 3 – Resourcing of parliamentarian offices

The OPSC should undertake a review of the factors affecting workloads, particularly in electorate offices, including support systems and processes, and external factors such as the adequacy of government services and electorate composition, to inform an evidence-based consideration of office and staffing resources. The review should recommend principles to be considered by the Prime Minister in determining staffing allocations.

Recommendation 4 – Transparency of staffing allocations

The MoP(S) Act should be amended to require the allocation of staff to be transparent through annual reporting arrangements.

Recommendation 5 – Modernising the Act

The MoP(S) Act should be modernised by including an objects clause to reflect the purposes of the Act, and amending provisions relating to superannuation and consultants to better reflect contemporary settings.

Recommendation 6 – Increase transparency for terms and conditions

Transparency of employment arrangements should be enhanced by including in the MoP(S) Act:

A. a requirement that determinations made under the MoP(S) Act about terms and conditions be published except in circumstances where individuals may reasonably be identified
B. a provision for the continuity of employment and employer powers when a seat becomes vacant, including between the date of dissolution of parliament and the date a poll is declared.

Recommendation 7 – Recruitment

The MoP(S) Act should require parliamentarians to recruit staff against specified position descriptions and undertake an assessment of a candidate's capacity to successfully perform the prescribed role. The OPSC should develop policies and guidance to support this, including consideration of the use of self-declarations and pre-engagement checks.

Recommendation 8 – Work health and safety of non-MoP(S) workers

Visibility and protection of non-MoP(S) Act workers should be increased by requiring parliamentarians to notify the OPSC when any person not engaged under the MoP(S) Act commences working in their office (e.g. volunteers and interns).

Recommendation 9 – Employment principles

The MoP(S) Act should be amended to include employment principles to professionalise the employment framework and provide legislative support to underpin broader implementation of the recommendations made in *Set the Standard* and this Review.

Recommendation 10 – Parliamentarian obligations

The MoP(S) Act should list the requirements of a parliamentarian as employer, including to: provide a safe and respectful workplace; make recruitment decisions based on an assessment of capability and provide procedural fairness in termination.

Recommendation 11 – Employee obligations

The MoP(S) Act should list the requirements of an employee including to: contribute to a safe and respectful workplace; act in accordance with any applicable codes of conduct; and exercise delegations in accordance with legal obligations.

Recommendation 12 – Annual reporting

The OPSC should collect the information identified in Recommendations 7 and 19 of *Set the Standard* and any additional data required to provide a transparent account of the MoP(S) Act employment framework in its annual report to Parliament.

Recommendation 13 – Termination

The MoP(S) Act should be amended to improve the certainty and fairness of termination processes, including provisions that:

A. a parliamentarian must consult the OPSC on best practice prior to effecting any termination
B. the employing parliamentarian may suspend the employment of a MoP(S) Act employee
C. the OPSC may suspend the employment of a MoP(S) Act employee in cases of immediate risk, including on advice from the Independent Parliamentary Standards Commission.

Recommendation 14 – Automatic termination provisions

The automatic terminations provisions in the MoP(S) Act should be amended to improve job security and increase clarity for staff by:

A. retaining the existing high level automatic terminations triggers, but allowing for determinations to clarify specific circumstances
B. providing that automatic termination provisions for electorate staff employed under Part III only apply where the employing parliamentarian ceases to have a personal staffing allocation.

Recommendation 15 – Five year review

The MoP(S) Act should be reviewed for effectiveness, in the context of broader changes to the parliamentary workplace, within five years of the amendments to the Act.

MPs show independence by fundraising for extra...

By SARAH ISON GREG BROWN

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MPs show independence by fundraising for extra staff

SARAH ISON
GREG BROWN

EXCLUSIVE

Teals are fundraising for extra staff after Anthony Albanese refused to increase their staffing cap earlier this year, with some leaving the door open to accepting funds from major donors including Climate 200 to fill gaps in their offices.

One independent, Curtin MP Kate Chaney, said she did not think it "reasonable to expect communities to fundraise for what are clearly public service roles".

"At this stage I'll continue making the best of the resources available, but it is worth noting that despite having 25 per cent more constituents and greater communications expectations than in 2007, electorate office staffing levels haven't changed," she told The Australian.

Labor in June revealed crossbenchers would receive one adviser on top of their four electorate office staff, down from four under the previous government.

Warringah independent MP Zali Steggall slammed the decision and revealed in August she would fundraise for extra staff.

Ms Steggall confirmed to The Australian that since then, she had been able to hire an extra staff member to support her with parliamentary business.

Goldstein independent MP Zoe Daniel revealed she had already hired someone as a Digital and Communications Officer from funds raised through her campaign organisation set up before the election.

Kooyong independent MP Monique Ryan said she would "certainly" be looking at fundraising for extra staff.

"I have an email database of people who were engaged in my election campaign and other people registered on that data base in the last four to five months and I'll probably let them know we're starting to fundraise," she said.

"I'd have to fundraise through the financial body in my campaign, Kooyong Independents. I will approach major donors."

Dr Ryan said she "wasn't sure" whether she would talk to Climate 200, but left the door open to talking to donors whose "values aligned with my own".

She raised concerns with current staffing levels that were "unsustainable", given some staff were working more than 70 hours a week. "It's not healthy. I think it's only a matter of time before we have a poor outcome with one of our staff members," she said.

Independent MP for North Sydney Kylea Tink said she was "looking to grow our team with community support", while Mackellar independent MP Sophie Scamps said she would discuss how to expand staffing levels with her team and explore "raising private funds" if required.

It follows a review of the Members of Parliament Act last week, which Dr Scamp said had made clear current staffing levels were "inadequate and having an adverse impact on the wellbeing and mental health of employees and volunteers working in electorate offices".

The Australian understands the notion of fundraising for extra staff has prompted concern from within the major parties, with senior Coalition sources questioning by whom such staff would technically be employed.

A spokeswoman for the Department of Finance said any employment arrangement made outside of the MOP(s) Act was "a matter for the individual parliamentarian".

It comes as deputy Liberal leader Sussan Ley rejected calls within the Coalition to abandon once-heartland electorates to independents as she prepared to campaign on Thursday in North Sydney.

"Basic maths tells you if the Liberal Party doesn't win seats from the independents, we don't form a majority government – and today we take the first step in our efforts to win back the trust of the people we've lost," she said.