



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION
COMMITTEE

Estimates

(Public)

TUESDAY, 2 JUNE 2026

CANBERRA

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FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE

Tuesday, 2 June 2026

Members in attendance: Senators Blyth, Cadell, Ciccone, Collins, Ghosh, Hanson, Lambie [by video link], McLachlan, Paterson, Roberts, Scarr, Sharma, Shoebridge, Whiteaker and Whitten

DEFENCE PORTFOLIO

In Attendance

Senator McAllister, Minister for the National Disability Insurance Scheme

Department of Veterans' Affairs

Ms Alison Frame, Secretary

Ms Alison McLaren, Deputy Secretary, Veteran, Family and Stakeholder Experience

Mr Andrew Kefford PSM, Deputy Secretary, Policy and Programs

Mr Brenton Philp, Deputy Secretary and Chief Operating Officer

Mr Alex Caroly, First Assistant Secretary, Technology, Digital and Data

Mr Luke Brown, First Assistant Secretary, Policy and Research

Mr David Pullen, First Assistant Secretary, Finance and Portfolio Division

Mr Anthony Coles, First Assistant Secretary, Provider Integrity

Mr Mark Brewer AM, CSC and Bar, Deputy President

Mr Simon Hill, Assistant Secretary, Health Programs and Services

Ms Amanda Conroy, Acting First Assistant Secretary, Ministerial Engagement and Communications

Ms Tara Hatzismalis, Acting First Assistant Secretary, Client Benefits

Ms Tara Cavanagh, Acting First Assistant Secretary, Program Delivery

Mr Wade Stothart AO, DSC, CSC, Director War Graves, Office of Australian War Graves

Dr Steph Davis PSM, Chief Health Officer

Australian War Memorial

Mr Matt Anderson PSM, Director

Mr Wayne Hitches, Executive Project Director

Ms Melinda Coen, Assistant Director, National Collection

Ms Sarah Ozolins, Assistant Director, Public Programs

Ms Leanne Patterson, Assistant Director, Corporate Services

Ms Helen Petrovski, Chief Finance Officer

Mr Chris Widenbar, Deputy Project Director

Repatriation Medical Authority

Professor Terence Campbell, Chair

Professor Gerard Byrne, Member

Department of Defence

Ms Meghan Quinn PSM, Secretary

Chief of the Defence Force

Admiral David Johnston AC, RAN

Air Force

Air Marshal Stephen Chappell DSC, CSC, OAM, Chief of Air Force

Air Vice-Marshal Nicholas Hogan CSC, Head, Air Force Capability

Army

Lieutenant General Simon Stuart AO, DSC, Chief of Army

Major General Richard Vagg DSC, Head, Land Capability

Associate Secretary Group

Ms Cath Patterson, Associate Secretary

Dr Paul Robards AM, Chief Data Integration Officer

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

Ms Francesca Rush, Chief Counsel

Capability, Acquisition and Sustainment Group

Ms Racheal Kuczma, Acting Deputy Secretary
Mr Gavin Rawlins, First Assistant Secretary, Joint Systems
Major General Jason Blain DSC, AM, CSC, Head, Land Systems
Air Vice-Marshal Gerry van Leeuwen AM, CSM, Head, Aerospace Systems
Air Vice-Marshal David Scheul OAM, Head, Joint Aviation Systems
Air Vice-Marshal Martin Nussio AM, Head, Air Defence and Space Systems
Ms Alison Petchell, First Assistant Secretary, Strategy, Planning and Independent Assurance
Ms Suzanne Kerrigan, First Assistant Secretary, Group Business Management

Defence Digital Group

Mr Chris Crozier, Chief Information Officer

Defence Finance Group

Mr Steven Groves, Chief Finance Officer
Mr Sam Volker, First Assistant Secretary, Budgets and Financial Services

Defence People Group

Ms Justine Greig PSM, Deputy Secretary
Lieutenant General Natasha Fox AO, CSC, Chief of Personnel
Ms Leisa Craig, First Assistant Secretary, Workforce and People Strategy
Mrs Michelle Black, Acting First Assistant Secretary, People Services and Wellbeing
Mr Ky Blackman, First Assistant Secretary, People, Policy and Development
Air Vice-Marshal Lara Gunn CSM, Head, Joint Support Services
Rear Admiral Letitia Van Stralen AM, CSC, RAN, Head, Military Personnel
Brigadier Isaac Siedl AM, Acting Surgeon General and Acting Commander, Joint Health
Major General Michelle Campbell AM, Head, Reserves and Cadets Support Division
Air Commodore Christopher Taylor, Director General, Military Legal Services

Defence Reform Taskforce

Ms Nadine Williams, Head
Ms Vicky Pullen, Deputy Head

Defence Science and Technology Group

Professor Tanya Monro AC, Chief Defence Scientist

Governance Group

Mr John Reid PSM, Deputy Secretary
Mr Ben Wright, First Assistant Secretary, Defence Integrity
Ms Rowena Bain, First Assistant Secretary, Governance, Planning and Performance
Ms Cassie Haynes, Head, Defence Transition Support Team

Guided Weapons and Explosive Ordnance Group

Air Marshal Leon Phillips OAM, Chief of Guided Weapons and Explosive Ordnance
Rear Admiral Nigel Smith CSC, RAN, Head, Guided Weapons and Explosive Ordnance Systems
Mr Daniel Fankhauser, First Assistant Secretary, Guided Weapons and Explosive Ordnance Manufacturing

Joint Capabilities Group

Lieutenant General Susan Coyle AM, CSC, DSM, Chief of Joint Capabilities
Rear Admiral Andrew Quinn RAN, Head, Space and Cyber Capabilities
Major General Jason Walk AM, Head, National Support
Major General Carla Watts, Commander Joint Logistics

Navy

Vice Admiral Mark Hammond AO, RAN, Chief of Navy

Naval Shipbuilding and Sustainment Group

Mr David Hanley, Deputy Secretary

Mr John Chandler AM, CSC, CSM, First Assistant Secretary, Submarines and Continuous Naval Shipbuilding and Sustainment

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

Commodore Peter Mingay CSM, RAN, Acting Head, Patrol Boats and Specialist Ships

Mr Luke Parsons, First Assistant Secretary, Henderson Defence Precinct

Rear Admiral Bradley Smith CSC, RAN, Head, Maritime Sustainment

Security and Estate Group

Ms Celia Perkins, Deputy Secretary

Mr Pat Sowry, First Assistant Secretary, Infrastructure

Ms Lee-anne Monterosso, First Assistant Secretary, Service Delivery

Mr Peter West, First Assistant Secretary, Estate Transformation

Ms Monique Hamilton PSM, First Assistant Secretary, Defence Security

Strategy, Policy, and Industry Group

Mr Hugh Jeffrey, Deputy Secretary

Ms Susan Bodell, First Assistant Secretary, Pacific

Ms Amy Hawkins, First Assistant Secretary, National Defence Strategy

Ms Alanna Mackay, Acting First Assistant Secretary, Strategic Policy

Mr David Nockels, First Assistant Secretary, Defence Trade, Regulation, and AUKUS Advanced Capabilities

Mr Bernard Philip, First Assistant Secretary, International Policy

Ms Karen Radford, Acting First Assistant Secretary, International Policy

Vice Chief of the Defence Force

Air Marshal Robert Chipman AO, CSC, Vice Chief of the Defence Force

Rear Admiral Jonathan Earley, AO, CSC, RAN, Head, Military Strategic Commitments

Major General Matthew Pearse AO, Head, Force Design

Committee met at 09:01

CHAIR (Senator Ciccone): Good morning, everyone. I declare open this meeting of the Senate Foreign Affairs, Defence and Trade Legislation Committee. I want to begin by acknowledging the traditional custodians of the land on which we are meeting today and pay my respect to their elders past, present and emerging. The Senate has referred to the committee the particulars of the proposed expenditure for the year 2026-27 and other related documents for the Foreign Affairs, Defence and Trade portfolios. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee is due to report to the Senate by 23 June this year. The committee has set 12 June as the deadline for senators to submit written questions on notice. The committee has also set 24 July as the date for the return of answers to any questions taken on notice.

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

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

The Senate has resolved that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked to superior officers or to a

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

The extract read as follows—

Public interest immunity claims

That the Senate—

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

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

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

(1) If:

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

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

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

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

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

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

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

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

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

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

(13 May 2009 J.1941)

(Extract, Senate Standing Orders)

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

I remind senators and witnesses in the hearing room that microphones remain live unless I instruct otherwise. I remind senators of their obligations under the Behaviour Code for Australian Parliamentarians to treat witnesses with dignity, courtesy, fairness and respect. I also ask members of the media to follow the established media guidelines and the instructions of the committee secretariat. If there's anyone in the gallery, they are also not permitted to speak or interfere with the proceedings or with any witness at any point during today's hearing.

Witnesses and senators who are seeking to table documents during the committee hearing are requested to provide a copy to the secretariat, ideally electronically.

Department of Veterans' Affairs

[09:05]

CHAIR: Today's committee proceedings will commence with representatives from the Department of Veterans' Affairs. I now welcome the minister at the table, Senator the Hon. Jenny McAllister, who is representing the Minister for Veterans' Affairs, and Ms Alison Frame, Secretary of the Department of Veterans' Affairs. Good morning to you and all your officers who are here today and at the table. Minister and Secretary, do either of you have an opening statement for this morning's hearing?

Senator McAllister: I do not.

CHAIR: Thank you. Secretary?

Ms Frame: I do, thank you.

CHAIR: Excellent—and you'd be happy to provide a copy afterwards?

Ms Frame: Yes, certainly.

CHAIR: Thank you. The floor is yours.

Ms Frame: Good morning, Chair and senators. The recent federal budget provided significant investment of \$14.6 billion to enable the Department of Veterans' Affairs to support more than 357,000 veterans and families of veterans through compensation, treatment, rehabilitation and other support services as well as national commemoration activities. More than \$770 million in additional funding was allocated to continue the implementation of the government's response to the Royal Commission into Defence and Veteran Suicide.

As I outlined at last estimates, veterans and families of veterans will see significant improvements to the way they are supported from 1 July, with the delivery of two critical reforms responding to recommendations from the royal commission. In just a few weeks, the Veterans' Entitlements, Treatment and Support (Simplification and Harmonisation) Act 2025, the VETS act, will come into effect and simplify and harmonise the legislation for veterans' and veteran families' entitlements. From 1 July, the enhanced Military Rehabilitation and Compensation Act 2004, MRCA, will be the single ongoing act and make accessing support quicker and simpler for veterans and families of veterans. All new rehabilitation and compensation claims made from this date will be assessed under the MRCA. Claims already on hand at this date will continue to be assessed under current arrangements.

From 1 July we're also standing up the new veteran and family wellbeing agency, which will strengthen connection and access to wellbeing support. The agency will focus on prevention, early intervention and supporting veterans through their ongoing transition journey from military to civilian life. It will commence with foundational capability with a digital focus and scale operations over time. The establishment phase will prioritise support for those currently in the process of transitioning from service.

In regard to claims, the department continues to experience strong growth in lodgements, including more complex claims involving multiple conditions. At the end of April 2026, DVA had 99,517 claims on hand. Of these claims, 69 per cent or 69,092 were with an officer for processing and 31 per cent or 30,425 were waiting to be allocated. Of this 31 per cent, 93 per cent are for permanent impairment claims, which are where initial liability has been determined, meaning a veteran is able to access treatment and income maintenance compensation while waiting for their condition to stabilise following all reasonable rehabilitative treatment.

The department continues to prioritise initial liability decision-making while also progressing other claim types. In April 2026, 96.5 per cent of IL claims were allocated to an officer for processing within 14 days. This compares to 2022-23, when an MRCA IL claim would remain unallocated for an average of 332 days. For claims received within the last 12 months, the average time taken to process for MRCA IL was 138 days. In the 2024-25 financial year, the department was able to finalise over 6,600 claims aged 800-plus days. Claims aged over 800-plus days now make up just 0.58 per cent of DVA's active case load, down from 3.6 per cent of the active case load in December 2024. DRCA permanent impairment claims are up by 52.2 per cent this financial year to date compared to 2024-25. This increase was anticipated in the lead-up to the commencement of the VETS act, as veterans seek to test their claims against the DRCA legislative framework before it sunsets on 30 June 2026.

As announced last estimates, new staff are joining the Client Benefits Division to increase the claims processing capacity. Nearly 30 of these have commenced, with a further 20 nearing the final stages of recruitment. Recently onboarded staff have commenced the outbound call strategy to update veterans waiting on PI determinations on the status of their claim.

Following the government's investments in the Mid-Year Economic and Fiscal Outlook, as I outlined last estimates, the department is strengthening its commitment to the lifetime health and wellbeing of veterans and serving members. We're moving beyond a system focused primarily on injury and compensation to one that prioritises early treatment, rehabilitation and prevention. This has commenced already, with a new pilot program to refer current and former ADF members for treatment relating to tinnitus. Since March 2026, more than 4,500 veterans have been referred to Hearing Australia for evidence based treatment, with over 650 already attending an initial appointment.

In line with efforts to improve access to treatment for all veterans, the budget allocated \$169.7 million over five years and \$58.8 million per year ongoing to increase fees for allied health providers delivering treatment to veteran card holders from 1 July 2027. This responds to concerns raised by many veterans, and indeed by committee members—and a recommendation of the royal commission—that fees for allied health services for veterans should be increased. For example, a standard face-to-face physiotherapy consultation will increase from \$75.10 to \$110, while an in-room psychology consultation of more than 50 minutes will rise from \$163.40 to \$260. Importantly, this funding will improve health care access and expand treatment choices for veterans.

Alongside this increase in allied health provider fees, veteran card holders will have a \$5,000 annual limit to spend on allied health services based on their individual treatment preferences, starting on 1 July 2027. Current usage of allied health services indicates around one in every 10 veteran cardholders use more than \$5,000 in a year. This initiative will ensure veterans benefit from greater accountability for treatment effectiveness while addressing instances of overservicing in the current system.

For example, we are aware of cases in which billing to the department indicates veterans have received almost daily treatment from multiple allied health professionals. This is not consistent with the way allied health treatment is typically delivered across the broader community, including for people with acute or chronic health needs, and in some cases reflects sharp practices being driven by a small number of providers. The existing referral requirements, known as the treatment cycle, will also be removed under the new arrangements, resulting in less administration. I want to assure veterans that, if their care needs exceed the \$5,000 amount, DVA will have the flexibility to fund additional services where there is a demonstrated clinical need.

Consultation on this process will commence in August. This will involve a public submission process, virtual town halls and direct engagement with ESOs and peak provider organisations. We've created a dedicated webpage for veterans and providers to stay up to date with this measure to try and allay concerns and misapprehensions about how allied health services will continue to be accessed after 1 July 2027.

Other initiatives in the budget included \$29.8 million over three years for DVA, the Australian Bureau of Statistics and the Australian Institute of Health and Welfare to establish the National Veterans' Data Asset. These and other initiatives already outlined underscore the significant progress we have made in implementing the government's response to the royal commission. By the end of this year, two-thirds of the royal commission's 122 recommendations are expected to be implemented or progressing.

Senators would be aware that DVA received \$137.3 million over three years in MYEFO to strengthen essential ICT digital and data systems, including MyService and targeted AI-enabled improvements. These investments are already improving productivity through tools such as Click Chat and Copilot, reducing time spent on routine tasks. They are also supporting faster, simpler claims pathways, including streamlining processing for over 150 conditions under presumptive liability, which will commence on 1 July 2026. In conjunction with RSL Queensland, a pilot using AI to assist delegates with claims decisions has already had 19 participants with 44 claims. Early results indicate massive efficiency in the time taken to assess initial liability claims. As stated earlier at previous hearings, this pilot is voluntary on the part of veteran participants, with an evaluation to be made public when finalised.

Following the advocacy funding announced in MYEFO, we have been working closely with the Institute of Veterans' Advocacy to support free, properly trained and ethical advocacy services, including providing training to advocates on the new VETS act. Since my last update, the department's Provider Integrity Division has also worked quickly to lift our provider integrity capability across detection, assessment, treatment and measurement. All integrity measures are veteran centric and put veterans and their families first, while ensuring providers meet our standards when delivering services funded by DVA.

Finally, I'd like to acknowledge the work of the department in delivering solemn services in Türkiye, France, Thailand and Malaysia on Anzac Day this year. DVA also supported the service in Isurava, Papua New Guinea. The commemorative services were a fitting tribute to the service and sacrifice of those who have served our nation, past and present. DVA is now preparing for a commemorative event in October to mark 25 years since the commencement of Australian service in Afghanistan.

I thank the committee and I look forward to your questions.

CHAIR: Thanks, Secretary. Are you happy to table that for us?

Ms Frame: Certainly.

CHAIR: If we could get a copy of that ASAP, that would be great. Senator Cadell, do you want to do the honours and start off today?

Senator CADELL: I want to go straight to how the \$5,000 allied health cap you mentioned came to be. When did the department start modelling that number, or was that a response to the overservicing?

Ms Frame: I'd need to check, but it would be in line with all budget measures. It would be in the process of budget measures being considered by the Expenditure Review Committee.

Senator CADELL: But did you start that yourself? 'There's been overservicing, therefore we can put this into a budget measure,' or did government say, 'You've got to create a saving,' and therefore it became—chicken or egg? What happened first?

Ms Frame: It's a government measure announced in the budget.

Senator CADELL: You hadn't worked on it prior to being asked by government to work on it?

Ms Frame: I'm not in a position to discuss the initiation of the measure, other than to say it's a measure announced by the government in the budget, and it drew on modelling that DVA provided in the process of preparing that budget measure.

Senator CADELL: I don't want to read in stuff you're not saying, but what I'm hearing is that, prior to this budget measure happening, you didn't provide advice to government that overservicing was being done.

Ms Frame: We would certainly have provided that advice.

Senator CADELL: You gave in your opening statement an example of daily servicing by multiple allied health professionals. How prevalent is that? Is that a one-off?

Ms Frame: No, there are many different instances of overservicing, and we have—

Senator CADELL: No, not overservicing—every day is what you gave me. It was very specific.

Ms Frame: There would certainly be others, particularly with exercise physiologists. I'm aware of other examples of that. We provide a very regular update to the minister and the government, so these examples and the data on allied health spending, which you would see has increased significantly year on year, would all have indicated that there were additional treatments or appointments being taken up.

Senator CADELL: I get that, but the example you gave, very specifically, was treatment every day by multiple allied health professionals. How prevalent is that? I don't want one example to be used as the justification for a \$5,000 cap on services across the entire range.

Ms Frame: There are other examples. I will ask my colleagues to provide some more detail on other examples that we have of overservicing as evidenced in the billing data provided to the Department of Veterans' Affairs.

Mr Kefford: The first observation I'd make is that the \$5,000 annual limit is designed to ensure that the treatment for which DVA is paying is effective and is actually assisting veterans to recover and/or manage the implications for them of their service, and, as the secretary outlined in her opening statement, there is the ability, where there is a demonstrated clinical need, for additional packages—for want of a better phrase—to be approved. The particular example to which the secretary referred in her opening remarks was that, in 2024-25, the highest amount paid for allied health was \$150,000 for a single individual veteran. To get to that level of expenditure involved multiple services on an almost daily basis.

Senator CADELL: If we know that number, what was the next highest?

Mr Kefford: Mr Brown may have some more details.

Mr Brown: In the financial year that Mr Kefford's quoted, there were two veterans who received over \$100,000. In terms of more than \$15,000 per year, the number's more like 3,000 veterans.

Senator CADELL: There's a big change between \$150,000 and \$15,000, though, isn't there?

Senator SHOEBRIDGE: You'd almost say tenfold!

Senator CADELL: You could almost say that—that's how maths works! What I'm picking up is that this was a government announcement. Did the \$5,000 cap figure come from the department or was that a government announcement?

Senator McAllister: I think the distinction you're seeking to draw is not the way we conventionally think about executive government. Ministers work with their departments to bring forward proposals in the context of the budget. This is always true, and it was true, in fact, under your government as well.

Senator CADELL: I understand, but we didn't cap it at \$5,000. You did. That's what we're trying to get at here. Was the saving—

Senator McAllister: The point I'm making is that trying to draw a difference between the way ministers approach it and the way the department approaches it is an unhelpful avenue to explore. We're happy to talk about the rationale for the policy. People are here to speak to you about some of the drivers for the thinking about what we are doing to improve allied health access for veterans. But the distinction you're seeking to draw and your attempt to, I think, dive into the internals of cabinet deliberations is something that just isn't going to be very fruitful.

Senator CADELL: What I'm trying to do, Minister, is work out whether the \$750 million in savings over three years was a budget line item that the department was told to find or \$5,000 was set because it's a reasonable level. I think that's a fine way to go about it—whether we're servicing the veterans or whether we're just cutting funding. That's what I'm trying to do.

Senator McAllister: The government, as Ms Frame indicated in her opening statement, is seeking to improve the access to allied health. You'll know that this was a recommendation of the royal commission. In particular, the decision to lift the fees that are able to be charged by providers of allied health services is really significant. This committee has previously canvassed the challenges that veterans experience trying to find a provider to meet their needs. This budget actually includes the largest investment in allied health fees for veterans in over 20 years. So the government has approached this from the perspective of meeting the needs of veterans. That was the starting point. The department has been working to ensure that we do that in a way that meets people's needs but also addresses some of the concerns that officials have laid out to you now about a very small number of providers that are not putting veterans' interests first but instead putting their own interests first.

Senator CADELL: Ms Frame, when you looked at the 3,000 over the \$15,000 expenditure—I think that was the number you gave me—

Mr Brown: Let me correct what I said. Over \$20,000, we had 3,845. That's probably a better number.

Senator CADELL: It was 3,845 over \$20,000?

Mr Brown: Yes.

Senator CADELL: What work did the department do? Did it go looking at that to see whether this overservicing was systematic through those 3,845 people?

Mr Brown: We've looked at individual examples across provider types where that sort of overservicing is evident. We have some examples here.

Ms Frame: It's across podiatry, dietetics and psychology. There's a whole range of examples where the billing to DVA would indicate that the providers are either seeing veterans more than they might need or maybe not even seeing the veterans. But I just want to assure you and the committee that the measure is focused on treatment effectiveness and is to ensure that veterans are receiving truly effective treatments that effect a change in their circumstances, and even attendance at appointments can't be equated with treatment effectiveness. So the measure provides an opportunity, up to \$5,000. It is absolutely up to the discretion of the veteran to see whomever they wish to. Indeed, we will be implementing ICT systems that enable the veteran to see at a glance who they have seen and where they are up to and to monitor their own expenditure and outlays far more clearly than they can now. But above that limit all the measure does is provide an opportunity for DVA to be assured and to seek that assurance from the provider that the veteran is receiving truly effective services.

Senator CADELL: I might go a different way. For 2024-25, how many veterans went over \$5,000?

Mr Brown: About 25,000 veterans in broad numbers.

Senator CADELL: So there are 22,000 between that five and 20 figure that will fall foul of this cap now?

Senator McAllister: Well, I think the way you're describing it doesn't really accurately describe the policy. Essentially, there's a threshold below which veterans may choose an allied health provider. We're reducing the requirement to repeatedly return to the GP to receive a renewed referral by changing or removing what was previously referred to as the treatment cycle. We're introducing significant flexibility below that \$5,000 threshold. As Ms Frame has already indicated, for veterans that require treatment the total value annually of which is above \$5,000, that will still be met, but the pathway to accessing that will be different to this quite flexible \$5,000 threshold, which we are putting in place to assist veterans in obtaining the treatment that they need.

I think Ms Frame has also indicated to you that this will be the subject of consultation. The implementation arrangements will be consulted upon with the community. That's commencing, as I think you said, Ms Frame, in August.

Ms Frame: That's correct—in August.

Senator CADELL: Most consultation is effective before measures are introduced. How much consultation was done prior to this announcement with your veterans?

Ms Frame: I've been in the Public Service for many years, and most budget measures are actually announced at budget as announcements. Then there are implementation consultations that proceed for many budget measures after the implementation, after the announcement date. Given this measure has over 12 months before it commences, that certainly provides us that period to consult extensively, which is what I have outlined we intend to do.

Senator CADELL: But I would have thought, if this was such a systemic failure, with 3,000 people over \$15,000 that have been highlighted as a problem and two people over 100K, that as part of the fix you would have been having consultation about what to do with this major problem prior to this budget announcement, had it been a real problem.

Ms Frame: I can only outline again the approach that's been taken by the government and the consultation process that we will be commencing in August this year around the mechanism for those approvals above \$5,000.

Senator CADELL: For those 25,000 people that were over the \$5,000 cap, how many didn't have active GP referrals to go and get these allied services? They would have all had them, wouldn't they? That's the only way to access it.

Mr Brown: TPI veterans are exempt from—

Senator CADELL: How many were TPI then? Does it break down?

Mr Brown: About 7½.

Senator CADELL: How many of the over 20K were TPI?

Mr Brown: How many of the—

Senator CADELL: The 3,845 over 20K spending were TPI.

Mr Brown: I don't have that level of detail here.

Senator CADELL: Can you take that on notice. Is that okay?

Mr Brown: Yes.

Senator CADELL: We're talking about the design of above-cap being a process, but I think DVA stated that the design of the above-cap clinical exemption process that is above the \$5,000 will be informed by engagement with the veteran community. Does that not exist yet? The method to get the above five—have you not finalised how that works? We're talking about it being accessible, but I'm not sure that the design is done yet. Is it done?

Senator McAllister: I think, to take a step back, this measure is the product of consultation that took place in the context of the royal commission. We are seeking to improve the way that veterans access allied health by improving the fees, reducing the requirement to engage in repeated returns to the GP for a referral that's already been provided and doing that for requirements that sit below a threshold. There has been significant conversation already about the deficiencies in the way that people currently access allied health, and the measure in the budget responds to that. The implementation arrangements for people whose needs exceed the threshold that's been established do require consultation. The measure, I think, commences in July.

Ms Frame: 1 July 2027.

Senator McAllister: We have time to work with the community, and that's appropriate. We will do that.

Senator CADELL: But we can't sit here and say, 'There is this process that is better focused on veterans' outcomes,' if we haven't designed what that process looks like. We don't know what it looks like. Is it the same as now? If I go to a GP and I get a referral—as I have, or as the TPI veterans now have—can I access it? There is a lot of angst in there because they don't know what they don't know. The consultation hasn't started. What is the process at least going forward other than consultation on co-design of this new method?

Ms Frame: As we've outlined in the measure, for expenditure under \$5,000, which is a vast number of veterans, the system will invariably be easier and faster for them in terms of not having to comply with a treatment cycle requirement and having greater transparency about who they're seeing. That ability to see that at a glance and know where they are up to and also have a greater choice of providers given the increased fees will likely increase uptake, which has been raised with me by this committee before—medical professionals and allied health professionals not

wanting to see veterans because of the fee schedule. There will be an immediate impact for the majority of veterans who will be under that \$5,000 limit and will invariably have an easier path to receive their treatments.

For veterans who spend above \$5,000, as I've said, we will be commencing an extensive consultation process in August this year. We have over 12 months before this measure commences. Our intention will be to design, in consultation with the veteran community, the most streamlined process possible to ensure that allied health providers are accountable for truly effective treatments for veterans and that we are assured that veterans are receiving that. That will be our objective in designing that mechanism to approve treatments over \$5,000.

Senator CADELL: You say you're expecting an uptick in some of the access to allied services with the model there. It can't be that much of an uptick if we're still banking three-quarters of a billion dollars in savings over three years.

Ms Frame: I'm aware that the Australian Physiotherapy Association have published a press release welcoming the change and saying that they anticipate that fee increase will have an effect on physiotherapy services for veterans. We do anticipate that there will be more allied health professionals willing to offer services to veterans where, to date, some have indicated that it is not cost effective for them compared to rates they might receive under the NDIS or from other client populations. It was something that the royal commission recommended be addressed, and the government has responded with this measure. I think Mr Kefford has some more detail on some numbers for you.

Mr Kefford: For clarity, it's worth noting that the monetary limit does not apply to dental, hearing or optical services, which are governed under different arrangements. The issue that we're seeking to tackle here is the effectiveness of treatment and ensuring that what is being spent on treatment for veterans is actually effective. To give a couple more examples of the sorts of issues we're seeking to engage with with this monetary limit as a check on effectiveness, again, in 2024-25—I won't make that mistake again, Senator!—the average spend for a dietitian was \$1,023 across 11.9 services. In effect, it was once a month. The highest amount that we paid for a single patient was over \$101,000, which equates to 19 services from a dietitian every week. The top five per cent of our dietitians accounted for 66 per cent of the costs. This is an area where (a) there's a cost issue but (b) more importantly, if someone is seeing a dietitian that regularly, it can't be effective treatment, so we're seeking to do that.

In terms of podiatry in the same period, the average was \$1,038 for 11 services. The highest ones amongst the top 33 cardholders were \$47,151 a patient on podiatry. For exercise physiology in the same period, \$3,183 was the average expenditure over 42 services. The top five per cent of providers in that context accounted for 38 per cent of the expenditure. The top payment was \$19,130.

Senator CADELL: I accept that there's overspending. What actions have you taken? Who is being ruled out as a provider? What actions has the department taken to stop this? Why are we getting everyone when you can identify \$101,000 on dietary? What did we do to stop them providing services?

Mr Kefford: There needs to be a mechanism to allow that to occur, and that's the measure that the government is implementing with the monetary limit.

Senator CADELL: No, it's not. The action to prevent that from occurring is going to that person and preventing them from doing any more stuff for veterans' services. You're getting 300,000 veterans, and you're saying, 'You all suffer, because one person's giving \$101,000 worth of dietary advice.'

Mr Kefford: That's not been our evidence. As we've said, the majority fall under the \$5,000 threshold. To the extent that there have been integrity measures rather than overservicing, there have been significant measures taken by the department to deal with overservicing by individual allied health providers, including through the court process as well as administrative processes, to refuse to deal with podiatrists who have chosen not to follow our processes.

Senator CADELL: I note that my time is up, but I will come back to this. The way it looks to me is that we have come to a figure to achieve a budget saving instead of dealing with the problem, which is overservicing by unscrupulous providers. It's not dissimilar to the NDIS, so, as a result, the entire veteran community is suffering. I don't think it is well thought through at this stage. I don't deny that there is a problem in overservicing, and some of those numbers are horrific, especially the two at that number, but I think this is a problem, and I want to get down to this number. Did the \$5,000 come about to achieve a budget saving, or did the \$5,000 come about because it is the number at which we think we can service people? We'll come back when my time is over.

Senator McAllister: It's not reasonable for you to make an extended set of propositions which don't respond to the evidence that's been provided to you over your period of questioning.

Senator CADELL: The department has done nothing on overservicing. Nothing!

Senator McAllister: May I please respond to the question, such as it is, that has just been posed by Senator Cadell. The government's starting point is to improve the access that veterans have to allied health and the effectiveness of that. There are, essentially, three really important limbs to the budget measure. It includes the increase in fees, a key recommendation of the royal commission and something that's been canvassed in this committee on very many occasions. It includes the removal of the treatment cycle so as to streamline the way that veterans can choose to access services that respond to their needs. It includes, as Ms Frame has described, better information, through an upgrade to the MyService capability, so that veterans will be able to track their expenditure and see how they're going.

It is a threshold below which these arrangements apply, and we expect that threshold will meet the needs of the vast majority of veterans who presently operate within that threshold. It is important that people whose needs are greater than that also continue to be able to receive services. We are unapologetic about consulting with the veteran community about the best way to do that. We don't want it to be difficult and uncomfortable, we actually want it to work effectively for those veterans, and that's why we're initiating the consultation process in August. We have time as the new measure doesn't commence until July next year.

CHAIR: I'm going to rotate the call. I've got a few questions which pick up from Senator Cadell and the opening statement. Thanks for providing a copy of your opening statement. When was the last time that a fee increase of this scale was actually implemented by the government?

Ms Frame: Twenty years ago.

CHAIR: Why is the government increasing the fees?

Ms Frame: As the minister said, it was a recommendation of the royal commission that the government do that. It has been discussed at this committee before and raised by senators that there was a concern that there were allied health providers and medical professionals who were less willing to see veterans than the veteran support system would intend, because of the fee differential and because of the fees paid by the Department of Veterans' Affairs. It is an ongoing issue for us, and we will continue to seek to take steps in this regard, but this one represents a measure by the government to respond to that concern and to the recommendation of the royal commission to increase fees.

CHAIR: Is there an expectation—I think Senator Lambie and others in the past have asked about this—that not just current providers but also future providers or people who used to provide for veterans will be able to reconsider their position and actually start to look at having veterans come to the community? Are you expecting there to be an increase in the number of allied health professionals servicing veterans?

Ms Frame: We are anticipating that, and, as I said to Senator Cadell, the response from the Australian Physiotherapy Association would indicate that we would be likely to see that. We hope that we will.

CHAIR: If you've got a copy of that—it would be great to maybe get us a copy of their press release. I think a lot of us would be intrigued to know that data around the expectation in terms of the increase of providers to veterans, because I think that's been a point of contention for some time. In terms of the professionals, you say that it will also improve access to health care for veterans. Is that because, with the fee being increased, you're then expecting a lot more professionals being able to see veterans?

Ms Frame: Yes.

CHAIR: In terms of the threshold that we've been discussing this morning, why do we have one at all?

Ms Frame: As my colleagues have outlined, it is a threshold at which there is an assurance of treatment effectiveness, and it also operates as a check against the overservicing issues that we have discussed this morning. I'll just check if my colleagues want to add anything.

CHAIR: How long does it take for a veteran to reach \$5,000? Do we have some statistics there, Mr Brown?

Mr Brown: I can't tell you how long it takes, but I can tell you the vast majority of cardholders do not spend \$5,000 or more on allied health per year under treatment card arrangements.

CHAIR: I know that a lot of veterans at the moment—particularly those with very complex needs—want to know how the \$5,000 threshold will work. I understand there may be a process for approval if they want to go over that threshold. Are you able to talk through, with me and the committee, how that process will work?

Mr Kefford: That's at the heart of the consultation process to which the minister has already referred, so I would not want to be unnecessarily specific at this point. The intention, however, is that the monetary limit operates as a checkpoint, as we've described, where there would need to be a consideration of the needs of the veteran and the effectiveness of the allied health treatments that are being provided. But, at the end of the day, a veteran who requires treatment as a result of their service, and treatment that is clinically effective, will have that treatment provided.

CHAIR: Are there any examples of the current approval processes that you may be able to share with me?

Mr Kefford: Again, I'm hesitant to get too far into the process until we've gone through the consultation engagements. The evidence would suggest, though, that—and the removal of the treatment cycle component reflects some of this—going through that process has not necessarily been giving the level of consideration to effectiveness that perhaps we would want to happen. It's become a part of the process almost automatically to keep the process running, rather than being a review of the effectiveness of the treatment.

CHAIR: From what I recall in the budget papers, it sounded like the approval process would involve a doctor of some form—a professional that would have to sign off. Is that, from the basics, what you're expecting? How that's implemented and who by is up for consultation with the veterans committee, I'm assuming.

Mr Kefford: The heart of the question—you're correct—will be the clinical need and effectiveness of the treatments that are being provided. Given the level of the expenditure, it's been designed to ensure that we're having those conversations in the right place, but, at the same time, the details of exactly who would provide that referral and the process is part of what we need to work through in the consultation process, including with the peak bodies.

CHAIR: You haven't finalised those arrangements is what you're saying.

Mr Kefford: No.

CHAIR: What happens currently? Is there any of that process that happens at the moment?

Mr Kefford: I might see if Ms Cavanagh wanted to add to my answer. But in effect, at the moment the treatment cycle mechanism is what's intended to have this discussion happen, but what we've seen—including from the examples that I've already cited—is that that process is not as focused on effectiveness as we would like the new one to be.

CHAIR: I ask because I know there's a lot of anxiety out there—and a bit of misinformation, in my opinion—around what is being discussed. I appreciate there's a consultation process and we haven't yet finalised what that looks like, but it might help reassure many members of the veterans community if they understand what your intentions are and what options we might be looking at in terms of that broader consultation about the approval process. In some ways that might give some comfort knowing that the vast majority of people won't be impacted by the \$5,000 cap, but, should someone go over that, there is still an avenue that someone still can apply for it. I think it's important to put that on the record. Ms Cavanagh, did you want to add anything?

Ms Cavanagh: Across the full range of programs that DVA runs there are a number of examples of processes that we have in place for an above-fee request or an exceptional case to be considered. This already applies where a treating professional wishes to make a case to DVA to have their treatment paid at a higher rate than what card arrangements provide. In those circumstances, we would consider that application—again, with some clinical input around the necessity of that particular care. We do have arrangements in place. We have teams who take phone calls or emails and who deal with these requests on a daily basis. We have the capacity to operationalise any decisions above the \$5,000 limit that may come out in the new framework.

CHAIR: And these are usually initiated by the veteran's doctor or health professional?

Ms Cavanagh: That's right. If it were an above-fee request for medical treatment, the doctor would approach DVA and outline why the treatment is clinically necessary. DVA would then make a decision on that application, with additional clinical advice from our own doctors if needed.

CHAIR: Is this why the measures start on 1 July 2027, to allow that consultation?

Ms Frame: Yes. That's a key aspect.

CHAIR: I see the DVA website talks about the removal of the treatment cycle. How does the current treatment cycle work? What is actually changing?

Mr Brown: The current treatment cycle requires a veteran who wants to access allied health services to attend a GP appointment for an allied health treatment plan. The maximum number of sessions that can be accommodated in that treatment plan at the moment is 12. Under a \$5,000 threshold, that will allow people more flexibility than is currently provided for under that treatment cycle.

CHAIR: What happens at the end of the 12?

Mr Brown: They must go back to the GP again for the treatment plan to be reviewed.

Senator McAllister: That's why we are removing those provisions. We don't seek to have veterans return to the doctor every 12 turns. We are trying to streamline the approach for veterans to be able to access the allied health services that they require.

CHAIR: I'm going to leave my question there for now. I will hand over to Senator Shoebridge.

Senator McAllister: Chair, Ms Frame referred earlier to a letter from the Australian Physiotherapy Association. I'm in a position to table that letter.

CHAIR: That would be great, if you could, and we'll get copies sent around to senators. Thanks a lot, Minister; someone will come and grab a copy off you now. Senator Shoebridge.

Senator SHOEBRIDGE: Just to be clear, I saw it online. The physiotherapists do not support the \$5,000 cap. They basically say in their press release they don't know what it means and they want some more information on it, don't they?

Ms Frame: I explained that that is what we will be doing over the ensuing months—that is, having that in-depth consultation. We will be able to provide information about what it means and how it works.

Senator SHOEBRIDGE: But when you tell this committee that the Australian Physiotherapy Association support it, it's not true.

Ms Frame: I was referring to the fee increase.

Senator SHOEBRIDGE: Let me just read what they say:

In coming days, we look forward to receiving more information on the practical implications and consequences of the \$5,000 annual cap on allied health services.

If that's supporting it, I'd hate to see them opposing. They say they don't know!

Senator McAllister: I encourage you to read the letter that's been tabled—

Senator SHOEBRIDGE: I've read it.

Senator McAllister: and I also encourage you to refer to Ms Frame's evidence, which was that the physiotherapists, amongst other allied health professionals, have welcomed the increase in fees. It's a significant and important intervention—the largest in 20 years—and it's because the government seeks to make sure veterans have access to the allied health services they require.

Senator SHOEBRIDGE: I've heard of doublespeak in my time, but when you look at your budget papers, on this particular budget measure—page 72—you champion the \$169.7 million over five years to increase allied health provider fees, but then, literally four centimetres down on the same page, it says, '\$748 million over three years in savings from the introduction of the annual monetary limit for veterans' allied health services'. This is the worst of doublespeak. You champion putting in an extra \$169 million over five years for allied health services and then, literally on the same page, talk about how you're pulling three-quarters of a billion dollars from the same services over just three years. How is that a good news story for veterans?

Ms Frame: I might seek Mr Philp or Mr Kefford to provide some numbers about how expenditure on allied health has increased significantly over the last few years and, we anticipate, will continue to stay at a very high level. I will ask my colleagues to provide some information about the expenditure on outcome 2. You are suggesting there's a big cut, and it is important to note—

Senator SHOEBRIDGE: I'm not suggesting; I'm reading the budget.

Ms Frame: I'm just putting it in the context of an increasing number and outlays in that area over many years—over the last three or four years.

Senator SHOEBRIDGE: I'm also reading page 17 of the budget paper, which shows a half-billion-dollar total cut from Veterans' Affairs over the next 12 months. Is that right? Is spending on veterans' health services going to increase over the next five years?

Mr Philp: For outcome 2, 2024-25—

Senator SHOEBRIDGE: What is outcome 2?

Mr Philp: Outcome 2 is all those matters outside of permanent impairment, largely.

Senator SHOEBRIDGE: I was asking about veterans' allied health services. If you're giving me a different number, that's not very useful. I don't want to compare apples and pineapples.

Mr Philp: Understood.

Senator SHOEBRIDGE: Ms Frame said—I heard her—that expenditure on veterans' allied health services will increase over time. Your budget says there's a \$748 million saving over just three years in allied health services. What's true?

Mr Philp: I've got the outcome 2 numbers in front of me at the moment. I'll see if a colleague in the room can find the specific sub-cost centre that goes towards—

Senator SHOEBRIDGE: There's no point giving me a number that doesn't respond to what's in the budget, which is about veterans' allied health services.

Senator McAllister: I wonder if you could allow the witnesses to provide an answer to your question, and then you can evaluate it retrospectively, rather than prospectively, to see whether it's adequate. Your prospective dismissal of evidence that an official has yet to provide seems rather unhelpful.

Senator SHOEBRIDGE: Mr Philp has just conceded it's not allied health services; it's a bucket of other funding, including allied health services. It's not responsive to my question. If you have an answer on it—we've got plenty of time this morning—let's get an answer on allied health services.

Ms Frame: We're sourcing it for you.

Senator SHOEBRIDGE: We heard the chair saying veterans shouldn't be concerned that there's some consultation process in place. I've got to tell you: veterans are concerned, because they know, currently, from the budget that there will be a \$5,000 cap across the board that will kick in, and at some point over the next 12 months there'll be consultation about how they might get over the cap. Personally, a little cold shiver of fear went up my spine when I heard Ms Cavanagh talk about the test being something like what currently applies, which is 'exceptional circumstances'. I've seen what this government does on exceptional circumstances; that's the test the National Anti-Corruption Commission has for public hearings—and they haven't had one yet! When I hear you talk about an exceptional-circumstances test as an example for how you're going to get over the \$5,000 threshold, I just see a wall of refusals coming. Why would you scare the veterans community unless you've got plans to put a threshold like that in?

Senator McAllister: I think it is a good juncture to reflect on the concept you've introduced—that is, scaring people. This committee is in a position to talk about what is actually happening and the actual policies the government is introducing—and reasonable people can differ about them; that's what this committee is for.

Senator SHOEBRIDGE: Tell me what it is.

Senator McAllister: But making false assertions about the operation of the policy doesn't help anybody, and it risks scaring people. Can we just stick to the advice that you're being provided, which is that there's a \$5,000 threshold and assurances are being provided that we intend to meet people's treatment needs—particularly for people who have complex treatment needs—and that we will consult with the community, as is totally appropriate, about the pathway by which we will do that.

Senator SHOEBRIDGE: The truth of the matter is there's a \$5,000 threshold and absolutely no idea how anyone will get over it. When we ask questions about it, Ms Cavanagh references the current threshold for getting above-fee prices, which uses exceptional circumstances. That was evidence volunteered by the department. If you want to say it's not going to be exceptional circumstances, tell me now.

CHAIR: I think Ms Cavanagh would like to add something.

Senator McAllister: No, I will provide an answer and then I'll pass to Ms Cavanagh. One of the things about committing to working with communities in developing a policy response is it's not a finished product when presented. This tension comes up all the time. There are two pathways. One is that a policy is entirely complete and put before the public, and there isn't a process of consultation. The other is that a direction of travel is established, and then consultation occurs. The two things are logically unable to both be true. Often, our preference is to work with the relevant community to stand up the arrangements. That's the path we've chosen on this occasion. You can seek to exploit that, Senator Shoebridge, by asserting that the fact that the policy is not entirely fleshed out at this point in time is an indication of poor intent on our part. In fact, it's an indication of our intention to work with the veterans community and to consult properly to make sure it's implemented in a way that is effective and meets the needs of veterans.

Senator SHOEBRIDGE: What you forget in all of that is that the core part of this policy that's going to have the biggest impact, running across, as we know from your data, more than 25,000 veterans straightaway, is a \$5,000 cap that you've put in—and you're not consulting about that. You're not consulting about the single most important part in this policy. You know that's going to cause damage, you know that's going to prevent people getting access and you're going to go through some consultation to try and sweeten the bitter pill of the \$5,000 cap you've put in. That's not genuine consultation; consultation would have been on both elements. But you came out with a hard cap, and now, to try and deflect from the impact of that, you say, 'We're going to talk to you over the next 24 hours about exceptional circumstances or some other way of sweetening the bitter pill.' Well, tell us what it'll be. What will be the threshold? What's the test to go over \$5,000?

Senator McAllister: Can I ask you to really think about how you speak about this, because we've been really clear that the vast majority of people fall under the threshold at the moment, and—

Senator SHOEBRIDGE: Your budget says it's a three-quarter-of-a-billion-dollar saving. That's three-quarters of a billion dollars you're taking from veterans over the next three years on this very item. Telling me I should be careful about how you're taking three-quarters of a billion dollars away from veterans' services over the next three years—that's not careful; that's a chainsaw.

Senator McAllister: I think you should be careful to accurately characterise the measure that is being put in place. We're up for a conversation with the veterans community, but it needs to be based on facts—

Senator SHOEBRIDGE: Don't lecture me on facts. I'm reading the budget. You're taking three-quarters of a billion dollars—

CHAIR: Order, senators!

Senator SCARR: A point of order: I'd appreciate being able to hear both Senator Shoebridge's question and the answer.

CHAIR: Me too. I know Ms Cavanagh is eagerly trying to provide some evidence to the committee. Ms Cavanagh, would you like to add something?

Senator SHOEBRIDGE: Only in exceptional circumstances!

CHAIR: Thank you, Senator Shoebridge; I don't need your assistance.

Ms Cavanagh: I would like to make it clear that in the example I was speaking of earlier the test for approval is not an exceptional circumstances test, nor was I suggesting that that would be the criteria going forward. I was using that word in a descriptive fashion. The example I gave was about above-fee health treatment requests, of which 99.8 per cent are currently billed to us through card arrangements. I was simply trying to explain that there is a very small—and that's where the use of the word 'exceptional' came in—number of cases where we have a mechanism to consider requests that don't come under our normal billing arrangements.

Senator SHOEBRIDGE: If it's not exceptional circumstances, what is it? You say it may not be exceptional circumstances. What is the test?

Ms Frame: I have explained that we are consulting on that from August this year, extensively. I said town halls, a submission process—veterans will have an opportunity to write and say what they consider it should be. I'm sure peak bodies will write and suggest how they think it should operate. We have committed publicly to a full consultation process around that, so we do not have the answers to that question today.

Senator SHOEBRIDGE: Well, you must have some idea, because you've actually assigned a figure to the savings in the budget over three years of \$748 million from veterans allied health services. So maybe we could start with that. What assumptions did you use to calculate the three-quarters of a billion dollars you'll be saving from not providing that funding to veterans for allied health services? What assumptions did you apply?

Mr Brown: Those assumptions were made in advice provided to the government in the budget context. I'm not sure I can—

Senator SHOEBRIDGE: This is Senate estimates, so I'm asking you how you got the \$748 billion you're taking out of the veterans allied health services over just three years.

Ms Frame: We're not in a position to provide the detail of the modelling today, and it is not customary that that's provided at Senate estimates committees. We have provided a lot of detail already about overservicing and where there have been services billed to the department that clearly are not effective for veterans. That is an example of inputs to the figures that you talked about. It is not—

Senator SHOEBRIDGE: This is budget estimates. I'm asking you—

Ms Frame: It is not singularly measured in impact on veterans, because there would also be a significant contribution in that modelling that would relate to impacts on providers.

Senator SHOEBRIDGE: I'm asking you about a three-quarters of a billion dollar budget savings measure in the veterans affairs budget. For you to say you won't provide any modelling and you won't do anything more than some anecdotal reports that Mr Kefford has about two blokes who got 150 grand for podiatry services—if that's really the basis upon which you're slashing three-quarters of a billion dollars from veterans services over the next three years, tell me. But I'm assuming that there's some kind of threshold you've calculated to get three-quarters of a billion dollars in savings, and I would like to know what it is. What is it? What's the threshold, Mr Brown?

Ms Frame: Apart from the \$5,000 threshold—we've discussed we would be consulting on a mechanism to approve clinical services above that. Can you clarify? I'm not understanding your question.

Senator SHOEBRIDGE: How did you calculate a very precise figure, \$748 million, in savings? Did you assume that only one in 10 of the claims over \$5,000 will get through? Is that what you assumed, that only a tiny fraction of the claims over \$5,000 will get through? You know, Mr Brown, so tell me.

Ms Frame: We will not be discussing details of the modelling at the table today.

Senator SHOEBRIDGE: Why not?

Ms Frame: Because that is not typically what is provided. It's part of the cabinet consideration.

Senator SHOEBRIDGE: No, sorry. That is just the—

Senator SCARR: A point of order, Chair.

CHAIR: Yes, Senator Scarr.

Senator SCARR: Maybe we need to go into a private session—

Senator SHOEBRIDGE: We do.

Senator SCARR: but this is budget estimates. There is a figure in the budget that says \$748.9 million, and we're asking how that figure was calculated. I can't imagine anything more within the realm of budget estimates than asking how a figure in the budget across the forward estimates is calculated. So I'd ask you, Chair, to ask the witness to answer the question. If she isn't prepared to answer the question, she should take a public interest immunity claim and set out what that claim is, because I can't work it out, given this is budget estimates.

Senator SHOEBRIDGE: Mr Brown knows and is being prevented from answering.

CHAIR: Senator Shoebridge, I think you should probably just be careful about that. No-one's being prevented.

Senator SHOEBRIDGE: He was.

CHAIR: Witnesses are entitled to decide how they answer. They also are entitled to take things on notice. They can also probably come back to us later in the day. Ultimately, the secretary, I think, has outlined the extent to which she can answer the question.

Senator SHOEBRIDGE: No, she didn't.

CHAIR: I'll put it back to her to consider any other options, but, ultimately, it's a matter for the department on how they choose to answer that aspect.

Senator SCARR: On the point of order, Chair, if a question is asked with respect to how any money is spent by the Commonwealth, we are entitled to an answer in budget estimates. If the witness does not want to answer the question, the witness should take a public interest immunity claim and explain to us what the public interest immunity claim is so that that can be interrogated, including when the Senate reconvenes later this month.

CHAIR: I don't think the witness has indicated she won't answer—just that she has some difficulty in trying to provide an answer because of the budget processes through cabinet. Ms Frame, was there anything that you wanted to add?

Ms Frame: Only, Chair, just as you said, but also that we have provided numbers today in response to questions about how many veterans currently draw on more than \$5,000. We have provided all those details, and those numbers are obviously inputs to any calculation of anticipated savings. Also, as I've said, there would be estimations of overservicing in that as well. It does not directly correlate to impact on veterans because of the overservicing examples that we've discussed, which we've also said are not isolated or small in number. That would have an impact on providers and not on veterans. But I don't have any more detail of the modelling that I'm able to provide at the table this morning.

Senator SHOEBRIDGE: My question is to Mr Brown, who's been, obviously, up to his knees in this work. I assume this is part of your work as first assistant secretary and that you've been working through this proposal.

Mr Brown: We provide advice to government on this proposal.

Senator SHOEBRIDGE: So how is the \$748 million saving calculated? Is it an assumption that 90 per cent of the claims over \$5,000 are going to be kicked out? Is that the assumption?

CHAIR: Mr Brown, before you answer, I think the minister is just wanting to add something.

Senator McAllister: I hear senators' interest in understanding these assumptions. I hear also the department's understandable caution.

Senator SHOEBRIDGE: Let him answer.

CHAIR: The minister's entitled to—

Senator McAllister: I hear the department's understandable caution in explicitly canvassing inputs to an ERC or cabinet process. With the agreement of the committee, perhaps we can come back after morning tea and see what information can be usefully provided. I understand the interest that Senator Scarr and Senator Shoebridge have in the issue. Perhaps I can just have some time to consider what we could assemble that would be of assistance to the committee.

CHAIR: That would be good if you could. I know we've got morning tea at 11. I'm going to move the call along. Senator Lambie has been waiting patiently online. The call is yours.

Senator LAMBIE: First of all, the word is that apparently you were told to find savings in allied health as a trade-off for fees going up. Is that true? Did you put our fees up and have to find some savings because of that? You took one from one hand and then gave it to the other.

Ms Frame: The government has announced a budget measure that introduces a mechanism to provide more assurance for treatment effectiveness for veterans whilst at the same time affecting an increase in fees. I can't comment further than to say that's what's been announced by the government as a measure.

Senator LAMBIE: You were going to save nearly three-quarters of a billion dollars, if I'm correct. Are you expecting a heap of war widows and Vietnam veterans to drop dead over the next three years? I'm just trying to work out where you're getting your money to fill that gap. You can say it's all cabinet process, but how did you come to say, 'We're going to save this money?' Let's be honest here. Did you say, 'This is how many war widows and Vietnam veterans we expect to drop dead, because we're losing them at a rate.' Be bloody honest with the veterans here. How did you work the money out? How can you save that much when we're not getting what we need?

Senator McAllister: I just want to indicate a couple of things. The starting point for this is that we want more people to have access to treatment. That is the basis on which we're increasing the fees, reducing the administrative barriers to people getting into the treatment pathway that they require and staying in it, and improving the data that will be available to veterans about expenditure. I've said, in response to questions from senators Shoebridge and Scarr, that we'll come back after morning tea and see what information we can provide about those assumptions. It's essentially the same kind of thing you're asking: what are the assumptions about changes in behaviour for providers and/or cardholders that we're relying upon in the budget? We'll have a look and see what we can provide.

I think the broader point is that we set up many of these systems, not just in Veterans' Affairs, in a way that relies on private sector providers so that we can make sure we've got a workforce and a business sector that can provide the services people need—in this case, the services veterans need. In a small but relevant number of examples, we see providers who don't behave in the best interests of veterans but act in service of their own profit motive. That's not a good outcome for veterans—

Senator LAMBIE: No, it's not—

Senator McAllister: and it's not a good outcome for the taxpayers.

Senator LAMBIE: So why are we wearing it? My question to you, Minister, is: if they're the ones playing up, why are we wearing it? I can tell you now, I've just gone through your five grand in 10 weeks, getting back on my feet. I've already gone through my five, and I'm paying that at my own cost. I'll come back to DVA later. But when we are down and out and we're using multiple services—and I'm not even using all of mine, because of my own experience and because I've got mates who are giving it to me for free, on the sidelines—I can assure you, just the physio itself is four days a week; that's costing me 450 bucks a week. You're not doing that. Then I'm trying out peptides, because I've got nothing else left. DVA aren't paying for any of this.

When it comes to complex pain management issues, you want me to go and beg and borrow for more hours, do you? And you want me to wait another week or two to get a tick-off? It takes me that long when I've got to go into hospital. This is what I've experienced over the past 10 months. I can't even get into hospital the next day, even if there's a position, because DVA takes too bloody long, and that is putting my health, and the health of many other veterans, at risk. It is taking too long and it is putting them at risk. That is the problem we are having. It's a long way from being fixed—your department. Now you're putting us under the pump and saying, 'Here's five grand.' You're scaring the hell out of us.

What you haven't told them is that it's everything built up. So, if you've got psychology, you're seeing feet people, you're seeing exercise physiotherapists—I can assure you, you're going to eat that up coming straight out of an operation or if something's really critical in the first 10 weeks. Then we've got to go back to our GP and beg and borrow to get more hours. That's what it's coming to, in a rural and regional area. I'm sure you're aware of it. It takes three weeks to get into a bloody GP.

So we're not getting on our feet. We have even more detriment to veterans living in rural and regional areas, and we're paying the price for that, and now you're putting even more on us. I might use the scare tactic—I'd wait outside your room—because you wouldn't have this sorted and come out with an answer before saying, 'This is it, but we'll work it out as we're going along.' This is significant for veterans getting back on their feet, and you are mucking around with our lives.

CHAIR: Thanks, Jacqui. I'll get the minister or the secretary to respond.

Senator McAllister: Senator Lambie, we don't want it to be hard for veterans to get the care they need, and it's part of the motivation for making these changes. So we don't want people—

Senator Lambie interjecting—

CHAIR: Senator Lambie, just let—

Senator LAMBIE: What's the average approval rate for people who need physio, need hospitalisation? What is your average wait for us to get answers and for you to get back to our medical providers?

CHAIR: I'll get the minister to respond, and we'll make sure the minister responds, and you can come back. Minister?

Senator McAllister: Senator Lambie, through your own experiences and the contact you have with veterans, I know that you know the frustrations people experience, and you've raised quite a number of them just now. Some of them are really directly addressed by this measure. The first is we don't want people needing to return to their GPs through the treatment cycle on such a regular basis. The initiative seeks to remove that problem for veterans, so they're not returning so regularly to the GP, because, as you say, that is an impediment.

It's also the case that we do wish to assure veterans that, for people with complex needs and higher needs, they will continue to receive care, including when they breach that \$5,000 threshold. Ninety per cent of veterans at the moment don't, but of course there are a substantial number of people who do. We want to work with that community to make sure that they're accessing the treatment that they require and that the treatment that's being offered to them by their treating provider is likely to be effective because, unfortunately, we do have a limited number of examples where what's being offered to people is not actually in their interests. That's not true for everyone—it's a small number of providers—but we do see poor behaviour in this market and we do need to deal with it.

Senator LAMBIE: But that's not us. It's not the veterans on poor behaviour, but we're wearing the price for that.

Senator McAllister: It is not. I couldn't be any—

Senator LAMBIE: That is my problem. You're slapping them down every way you can. Most of them are just sitting on edge. This royal commission hasn't moved fast enough—as fast as they would have liked. As much as I know that the minister is doing everything he can to move as fast as he can, it's putting in these little things that probably don't need to be said and done right now.

On your complex pain management system, for complex pain management and psych, you don't have one in DVA. It is failing miserably. It has for the whole 28 years I've been part of it. I've run through it in the last 10 months, and it's still failing. I'm who I am. I know people. I can make calls. Other veterans can't. Doctors will put me in and wait for the tick-off with DVA. Others won't do that. It's because of who I am. It is really unfair. We've got some terrible, terrible system going on with the hospitalisations, whether it's for chronic pain or mental health. Our systems are very old, and they're not functioning. I don't understand why we don't have this thing at the top of DVA that's got bloody health professionals—supposed to have health professionals—to help along that five per cent of us that are the most complex patients. Why do we still not have that?

CHAIR: Once we get a response, I'll have to move the call around.

Senator LAMBIE: Why is it not working? I want to know. Sorry, Chair.

CHAIR: No, you're alright, mate.

Senator LAMBIE: I've just got to know. We need some backup here for the five to seven per cent that have complex pain issues with psychological issues on top. We're not getting enough out of DVA. We're not getting the direction. Tell me how this works when it becomes so complex.

CHAIR: Ms Frame?

Senator LAMBIE: It's like you just throw us out there amongst the medical specialists. How do you handle that at the top of DVA?

Ms Frame: I'm really sorry to hear about your experiences.

Senator LAMBIE: It's not just mine though, Secretary—

Ms Frame: I know. I understand that.

Senator LAMBIE: You are frying her brain. There was a young girl yesterday. If she has any more ECT, she won't be able to stand up. Where does the department take responsibility when it makes decisions or doesn't?

Ms Frame: Can I just say that the \$5,000 cap, which is the measure we've been discussing at length this morning, is designed to make it easier for the vast majority of veterans, who don't have to worry at all about accessing allied health professionals and would not have to worry about treatment cycles. It is designed to be a simplification and to make their life easier. For veterans who are in that category where they need over \$5,000 of support, we will be consulting on that mechanism in August, and we will be taking into account the examples and instances you shared with us and other veterans share with us with a view to making it as streamlined and simple as possible for them to access the supports they need. Indeed, it introduces that—

Senator LAMBIE: Are you going to promise that within 24 hours you'll get back to me and every other veteran out there? When is DVA going to have a timeline to say, 'When a veteran rings or needs something, we're going to get back to them within 24 hours'? That is where you are failing terribly.

CHAIR: Jacqui, I'll have to move the call. I will come back to you a bit later, before morning tea. Senator Scarr, I'll hand over to you.

Senator SCARR: I first acknowledge Senator Lambie's anguish. My mother suffered chronic, chronic pain over many years. It was absolutely debilitating, and I can only try and imagine what you're going through, Senator Lambie. Thank you so much for sharing that with us and, as always—I've said this previously—thanks for your advocacy for veterans. I really appreciate it. We hope to see you back here soon. Secretary, I'm trying to marry up a claim-saving measure of \$150 million per annum with your statements and the minister's comments which reflect your statement. There seems to be—

Senator SHOEBRIDGE: It's \$250 million per annum.

Senator SCARR: It's \$250 million per annum?

Senator SHOEBRIDGE: The savings are over three. The expenditure's over five.

Senator SCARR: I have to change my maths. We're talking about 22,000 veterans a year who are accessing more than \$5,000 worth—sorry, you shook your head, Mr—

Mr Brown: Senator, 25,000 is the evidence I gave before.

Senator SCARR: Over \$5,000, right?

Mr Brown: Yes.

Senator SCARR: I'm trying to equate this annual saving to how much per veteran who's accessing over \$5,000. I understand, Secretary, what you're saying about the provider fees et cetera, but we're talking about somewhere in the region of \$7,000, \$8,000—

Senator SHOEBRIDGE: \$10,000.

Senator SCARR: \$10,000 saving in relation to each veteran currently that's accessing more than \$5,000—a \$10,000 saving with respect to each veteran accessing more than \$5,000 per annum. That's an extraordinary amount per veteran. I'm finding it very difficult to try and reconcile that saving per veteran with your statement that we're talking about a small number of providers engaging with sharp practice. How do I equate that statement you made about a small number of sharp practices driven by a small number of providers with the saving of \$10,000 per annum for each veteran who's incurring more than \$5,000?

Ms Frame: Can I just say that the \$10,000 is your figure. That's a figure that you've provided, and you've said, 'I recognise you talked about impacts on providers, Secretary,' but you haven't incorporated that into your \$10,000. You have then assumed, though, that the full impact is on veterans and not, in fact, on providers who are billing us for services. So I just wanted to—

Senator SCARR: Okay, so what percentage is attributable to providers and what is attributable to veterans?

Ms Frame: I don't have those numbers with me at the table.

Senator CADELL: You can tell us we're wrong, but you can't tell us what's right.

Ms Frame: I can say that it is not all impacts on the veterans. I can also say—and we will source these numbers over the break for you—that the numbers around savings that you are quoting around the measure, which are the numbers as represented in the measure, actually reflect an increasing expenditure. They come off a significantly increased expenditure in outcome 2, which includes allied health expenditure. It's a significant component of outcome 2 expenditure that Mr Philp was able to provide you. That has in fact increased by billions in the last few years.

Senator SCARR: I appreciate that. I applaud the increase in fees being paid to allied health practitioners. I applaud that. What I'm drilling down to is how you're going to achieve this extraordinary amount of savings per annum and what that means for that cohort of 25,000 veterans who are currently accessing services for more than \$5,000 a year. That's the focus of these questions. I applaud the increase in relation to the allied health practitioner rates, but I'm drilling down in relation to the impact on the 25,000 veterans. We've heard from Senator Lambie in relation to how she's gone through this \$5,000 in a matter of just a few months in relation to trying to address her pain.

I'm trying to work out the impact on that cohort of 25,000 veterans who presumably have the most complicated and complex needs—psychological needs, pain management needs, physical and allied health related needs; that's what I'm trying to focus on—and how you work out that you're going to get a saving of \$10,000 per veteran, even taking into account the amount of the saving with respect to the provider. In broad terms, if you lift up the focus, there are 25,000 veterans paying more than \$5,000 a year, and you're saying, essentially, if we attributed all the expenditure across the department to 'per veteran', you're going to save \$10,000 per veteran. I'm trying to work out how you're getting that figure given that your statement refers to sharp practices being driven by a small number of providers. How do you get the \$250 million?

Senator McAllister: I think I indicated earlier in response to questions from you, Senator Shoebridge and Senator Lambie that the department is stepping through the gap between a cabinet process and an estimates process and that we're willing to come back to this after morning tea. I appreciate your interest in this, Senator Scarr. We're here for much of the day, and the department will come back after morning tea. I just wonder if there is another line of questioning you may wish to pursue that they can answer right now.

Senator SCARR: I'm happy to give the department an opportunity to circle the wagons, as it were, and to work out what additional information they can give us. I'm sure you've got an appreciation, Secretary, that these questions are being raised by senators from across the parliament because veterans are desperately raising concerns with us that have been raised so eloquently by Senator Lambie. I've got a few other questions just in relation to this that don't fall into that category and in relation to another matter. So you've given us some examples. Examples are good. Anecdotes are good, but there's a danger in making policy based on anecdotes. Mr Kefford, you referred to a dietitian charging approximately \$100,000 a year in relation to their services. Is that correct?

Mr Kefford: That was for a single patient, yes.

Senator SCARR: For a single patient? What happened in that case? What action did the department take?

Mr Kefford: I don't have the details of that case in front of me. I have the expenditure component.

Senator SCARR: Mr Kefford, you've come here and put on the table an example in relation to the expenditure a dietitian has charged for a single patient for a year as an example for introducing this policy—I'm going to go through each of the examples you gave—and you can't tell me what the department did in relation to that case. Is that correct?

Senator SHOEBRIDGE: Are they still charging it?

Senator SCARR: Sorry, I've got the call. Is it the case that you can't tell me what action the department took?

Ms Frame: Senator, can I just say on a broad level—and we went through this at length at the last hearing—the department, in response to these and many other concerns, has stood up a whole division focused on fraud and integrity of payments. The department has taken significant action in response to these instances because they are not isolated. We had other examples around compensation assessments, which we discussed at the last hearing as well. These matters would be under consideration in the new division that the department has created to respond directly to these instances.

Senator SCARR: Secretary, when the department gives an anecdote or an example, of, on the face of it, extraordinary expenditure charged by a service provider to one veteran and is using that as a justification for a policy to apply across the board, do you think it's reasonable for me as a senator to ask, 'What happened in relation to that case?' Do you think it's reasonable that you don't have the answer?

Ms Frame: I think we have said that we will take it on notice. Mr Kefford has said we will find out more about what action was taken in response to that.

Senator SCARR: So what action was taken in relation to the podiatrists who charged, I think it was, over \$19,000? That was, again, one of the anecdotes you gave to justify this policy.

Ms Frame: My colleagues can correct me if I'm wrong here, but my understanding is that the department has paid these invoices. It is in paying these invoices that the department has identified the billing and the potential inappropriateness of the billing, has asked further questions and has, as I said, stood up an entire division to look at

what we can change in our systems to prevent this occurring. But, in all the examples we've provided, the response is, unless my colleagues correct me, that we have paid the invoices as the provider has tendered them to the department.

Senator SCARR: Members of your department are giving us these examples, but they can't tell us what regulatory response the department has given, and, in that context, we're changing the whole system and applying a \$5,000 cap that's going to impact 25,000 veterans. Over the course of the break, I would like to know if you could get the information. I want to know what action the department took in relation to the example of the \$101,000 dietitian. I want to know what action the department took in relation to the \$19,000 podiatrist. I want to know what action the department took in relation to the two cases of \$150,000 payments for allied health care over the course of the 2024-25 year, and I would expect to have that information. If the answer is that the department took no action, I'll be asking questions as to why that's the case and why we aren't adopting the approach of attacking the small number of providers who are acting in sharp practice and distorting the system, rather than introducing a blanket policy that's going to impact 25,000 veterans across the board. Could you take that on notice, and if we could have answers to those particular examples over the course of the day I'd appreciate it. Is that possible?

Ms Frame: That's possible.

Senator SCARR: Thank you. My other question is: given there are 25,000 veterans who are paying more than \$5,000 a year on allied health care, that presumably means, Ms Cavanagh, that there would have to be 25,000 applications made to waive the \$5,000 cap. There would have to be 25,000 individual applications made on the basis that it's clinically indicated or whatever the basis is—I won't go into the exceptional circumstances terrain. As I understand the new scheme, there would have to be 25,000 additional approvals given by the department in the course of a year in order to process payments in excess of the \$5,000 cap. Is that correct?

Ms Frame: If I could answer for Ms Cavanagh, please—at the moment we don't have the answer to that. We have said we will be consulting on what that process will be. It may be that it's not equivalent to the current approval process that Ms Cavanagh referred to. We do not know at this point in time, but we will be consulting extensively, commencing in August, so I would expect to have far more detailed responses to that at the next hearing, when we appear before the committee.

Senator SCARR: Do you accept, though, that there will need to be a process, whatever it is, in relation to those 25,000 veterans? There's going to have to be some sort of process or some sort of procedure for those 25,000 veterans to go through in order to incur expenditure above the \$5,000 cap, otherwise the cap is meaningless.

Ms Frame: Yes. That's what we will be consulting on. I was only pointing out that it may not be equivalent—we couldn't comment now on whether it would be the same process as Ms Cavanagh referred to.

Senator SCARR: If you don't know what the process is going to be, how did you budget for the process?

Senator McAllister: I think we've explained already, in response to questions from Senator Shoebridge, that not every policy—there are many cases where it is desirable for government to bring forward its intent and then work with the relevant community and the affected community to make sure that implementation works effectively. We're not going to apologise for having brought forward a proposition that says we want to make sure, where people are receiving certain levels of treatment, that it's efficacious and actually responsive to the need of the veteran. We understand that determining those circumstances is complex. It's not a straightforward thing to do. It's not actually like fraud. There are some instances where behaviour is clearly fraudulent. For example, a veteran may not even be aware that a service is being billed on their behalf. There are other cases where it's more of a question of clinical efficacy. We do need to examine that, but we make no apologies for saying that we would do that in a consultative way. That is work that is to commence in August. We think that's the appropriate way to deal with that policy problem.

Senator SCARR: Minister, this is budget estimates. I'm asking: what estimate has been given to the cost of processing 25,000 claims, on an annual basis, to exceed the \$5,000 cap?

Senator McAllister: That question assumes a particular model of decision-making that Ms Frame has already pointed out to you has not yet been determined and is the subject of consultation.

Senator SCARR: So the cost of that is not reflected in the budget, because you haven't determined the process as yet. Is that correct?

Ms Frame: Again, my colleagues can correct me if I'm wrong, but I would like to answer your question. My understanding is that the department did not receive any additional staff through this measure.

Mr Brown: We have a small number of staff.

Ms Frame: Oh, there you go. Sorry.

Senator SCARR: Sorry? I can't hear you.

Mr Brown: We do have departmental funding, and I understand it is for a number of staff to assist with any increased processing required. I can get those figures for you.

Senator SCARR: You say 'any' increased processing requirement. There is going to be an increased processing requirement. It doesn't matter what the process or the procedure is. If there are 25,000 veterans who are going to have to make an application to increase their allied health care payments above the \$5,000 threshold, there is going to be a process, isn't there, Mr Brown.

Mr Kefford: If I might jump in—we also shouldn't presume, given the nature of some of the behaviour that we're seeking to target. Yes, there will be, clearly, in circumstances akin to those that Senator Lambie was referring to, in her own case, where there is a decision to be made. In other cases, where the services that are currently being paid for by us are not clinically supported and not effective, they won't all transfer over. That behaviour will stop.

Senator SCARR: No. I accept that.

Mr Kefford: So it's not necessarily 25,000 that will wash over. It will be a number less than 25,000.

Senator SCARR: Well, it might be 15,000 or 20,000. We don't know yet. I accept that, but it's going to be material, isn't it. You accept, Mr Kefford, it's going to be a material number of applications over the course of a year?

Senator McAllister: I think, Senator Scarr, you'll find that the government has adjusted the staffing resources available to this agency from time to time, as the circumstances and the challenges confronting the agency have evolved. Between now and when this measure has commenced, there will be a MYEFO process. There will also be a budget process. There are opportunities in the ordinary course of government decision-making to deal with any resourcing implications, but I go back to the original point: of course we want to speak with the veterans community and with the health providers about implementation arrangements.

Senator SCARR: I've got a real concern about the timeliness of this approval process. I take on board that you're going to engage in townhall meetings. You've heard the questioning from Senator Lambie with respect to concerns around the time taken for approvals to be granted. If you're dealing with complicated cases involving psychological support, pain management support or physical therapy, for which those decisions are time critical, how are you going to militate against the risk that a veteran bumps up against this \$5,000 cap and there's an interruption to the continuity of treatment, which has devastating health consequences on a veteran? How are you going to militate against that risk?

Ms Frame: As we've acknowledged, we'll be doing work on exactly how to do that, but I would point out that we have processes to do that now. We will need to build on those, but there are processes now where people are waiting, as Senator Lambie pointed out. There are approval times that require us to pull claims out of the pile—this is for health approvals and other services—and ensure that they get emergency consideration. We have processes in place for that now. We would like not to have to have that at all, in terms of how efficiently our decisions are being made, but we will build on existing practice there to ensure that things are considered urgently as needed. Our pre-eminent consideration is always the health and wellbeing of veterans.

Mr Kefford: If I might just add to the secretary's answer—we're already taking steps to improve our current performance. Essentially, the work that my staff do in managing the health approvals process is largely a manual process, involving manual data entry and other things, but in the last few months we have introduced a web form for the 'medical expenses previously incurred' process. So, instead of veterans filling in a form, sending it to us by email and my staff typing it into our systems, we've enhanced that process. This is about freeing up capacity to focus on the more troublesome, difficult, complicated cases that we do need to engage with.

Similarly, there's been another measure where the top 20 or so conditions that used to require prior approval have been put onto a fee schedule so that, if a medical provider agrees to the fee, it doesn't have to go through that process at all. We're also looking at the way in which we manage the workflow in and out of what at the moment are effectively shared Outlook inboxes into a proper system. One of the things we have seen, as a consequence of the broader doubling of the throughput through our system, is that this is now flowing into these downstream health services and there's been a very significant increase in the volume going through these approval processes.

Senator SCARR: Which is a good thing.

Mr Kefford: Indeed it's a good thing, but what we're now looking to do is to go from literally a manual, paper-based process into a proper system that allows much more timely processing.

Senator SCARR: Thank you.

CHAIR: Senator Ghosh.

Senator GHOSH: One of the things you said in your opening statement was that there was a change in focus, or at least a readjustment in focus, from primarily focusing on injury and compensation to prioritising early treatment, rehabilitation and prevention. Are you able to sketch the rationale that sits behind that change and what you think the benefits are by changing that focus?

Mr Kefford: The primary focus of our work in DVA is on treating and responding to the consequences of service for members of the ADF. The increased focus, which was most evident in the decisions the government took in the mid-year economic update, was to invest very significantly in treatment. There was a bit more than \$700 million in funding for additional treatment in MYEFO.

The purpose of this really flows on from the work of the royal commission. Rather than simply focusing on how quickly we can get to making permanent impairment compensation decisions, there was a very conscious decision to refocus our effort from where the Repatriation Commission started its business in World War I—around rehabilitation and economic participation—to the components of our wellbeing wheel in DVA. Health and financial security and others are key components of that, both as valuable goals and aims in their own right, but, ultimately, they're also protective factors against suicide.

The focus becomes not just rushing to permanent impairment payments, which are important and remain important to recognise the consequences of service, but reinvesting in treatment to minimise the lasting impacts of service. There were very significant measures announced in MYEFO.

The secretary referred to tinnitus in her opening remarks. Rather than simply paying money for the lasting impacts of tinnitus, we're actually working with colleagues in Hearing Australia to provide leading treatment, with a view to at least minimising those lasting impacts. Considering the level of impairment after that treatment has occurred, there was significant investment, which commenced on 1 July, in enhanced mental health care treatment plans. We've been working with the relevant professional bodies to design those programs, and I thank the colleges for their participation in that process. Again, that's about ensuring that the treatment that we're providing is effective, and there was a significant component of research, evaluation and translation in that investment.

It's really about focusing on wellbeing, rather than simply measuring our success by how quickly we pay permanent impairment compensation.

Senator GHOSH: You mentioned tinnitus in the opening statement, and, Mr Kefford, you've mentioned a couple of new treatments that are in effect. Can you outline what the new programs are that flow from MYEFO?

Mr Kefford: The key focus is on the ones I've already mentioned. The leading treatments that Hearing Australia was able to provide for tinnitus had been historically poorly accessed by veterans. We've instituted a process of actively referring veterans, where we have accepted an initial liability for tinnitus, to Hearing Australia for treatment, in the hope that that will improve their overall quality of life and ability to participate in either their ongoing defence service or in their work or private life after service. Mental health is another key area for which there was specific funding provided for in MYEFO.

But, really, this approach applies to all conditions. The obligation and expectation under the act is that we will support all reasonable treatment before making that decision on the level of enduring permanent impairment and what compensation might properly be paid in that circumstance. It's about reasserting and refocusing on the 'r' in the MRCA, the rehabilitation component—rather than simply being a compensation scheme, actually seeking to address and minimise the enduring impacts of injuries and illnesses that flow from service.

Senator GHOSH: One of the issues that have already emerged from questions from my colleagues this morning is integrity. It is particularly distressing to hear the various accounts from veterans who have suffered as a result of a lack of integrity in the system. Are you able to provide an update on the work the department's doing to address this?

Mr Kefford: Certainly. As I was last time, I will be careful about what I say in relation to live AFP investigations that we are continuing to conduct. The key point I would make at the start, though, is that, even where we have integrity concerns about particular providers or advocates who may be involved in a claim, as part of our screening and early allocation processes we focus on the needs and the vulnerability of the veteran. So, if there is a particular vulnerability for the veteran who has chosen to use a provider or an advocate about whom we have integrity concerns, we don't let that get in the way of processing their claim so that they can receive the support that they need. In some cases, that involves us inviting them to seek supporting medical evidence from another provider—if necessary, a provider that we will arrange for them through mlcoa, as we spoke about at the last hearings.

Where there are concerns, there's been a mix of responses. For example, in some cases veterans have elected to wait until our investigation process is complete. One would assume, in that case, that, while the claim may well be

valid, there's no particular urgency for it to be processed. In other cases, they've either arranged their own additional evidence or, indeed, proceeded through the mlcoa path.

The focus of our work remains particularly on the commissions based fee-for-service advocacy businesses that have arisen over the last couple of years. A month or so ago, we completed the public consultation process on the legislative reform options that the government agreed to as part of its response to recommendation 99 of the royal commission. We're considering the submissions. There were around 70—72, I think—submissions made as part of that process, the majority of which were clearly in support of ensuring that the system is operating for the benefit of veterans and that any regulatory burden is not unreasonable, particularly in relation to the ESOs and volunteer advocates. The secretary referred to the funding for the Institute of Veterans' Advocacy, and we continue to work very closely with them in that respect.

The establishment of the division has allowed us to expand, and we're working with Services Australia to expand our capacity to put in place some of the responses that were relevant to Senator Scarr's question earlier about where we do identify providers who are demonstrating unusual billing behaviours. Part of the funding that was in that measure in the MYEFO was—because our payments are managed through Services Australia—to expand the ability of their systems to enable us to put further administrative processes in place for a larger number of providers about whom we have concern. That work is continuing.

We have published the guidance on reasonable fees for report writing. As part of that process, we held a town hall meeting in the first week of May with providers, where we explained to them the basis of those fees. We also spoke in detail about the new medicinal cannabis framework. In that context, we've been very clear that those assessments of reasonable fees are in the context of report writing for our claims process, not in relation to treatment for veterans. We're also making it clear and providing advice from our chief psychiatrist and chief health officer about what actually constitutes a good report in our context. It's not, and doesn't need to be, a full medico-legal document. It really is medical information that can be provided—especially from a medical professional who has been seeing the veteran for some time—without a whole lot of additional effort. It's a very significant part of our work. We're continuing to engage with colleagues across the Commonwealth, because obviously a number of our providers are active in other areas of the social services budgets as well.

Senator GHOSH: I have one more question. In the inquiry into veterans advocacy services, one of the issues that were raised by advocacy services related to conflicts of interest where those providing advice to veterans had a relationship with a medical service provider. What sort of surveillance or optics do you have into that kind of behaviour, and have there been any updates in relation to how that's being dealt with?

Mr Kefford: We're continuing to build, as part of the measure in MYEFO, what I'll describe as our information and intelligence capability to allow us to map the corporate structures. We did update our provider notes, which are the guiding scheme rules that doctors are required to follow to access our schemes, not to impose a new requirement but to emphasise the requirements that are under the Ahpra regulations for medical providers to disclose potential conflicts of interest or, indeed, pecuniary interests with other providers. That is as much about ensuring the independence of medical advice as it is about ensuring that corporate behaviour is appropriate in this space, because a referral for independent medical assessment by a specialist should be just that, rather than a referral to a related entity. We have, including in media reports, been made aware of allegations of kickbacks being provided between providers, and we continue to pursue those through the Fraud Fusion Taskforce and directly with the AFP as appropriate.

Senator GHOSH: Thank you.

CHAIR: Senator Shoebridge.

Senator SHOEBRIDGE: While you're going away over morning tea and looking at the budget issues, one of the questions that I have—and I have it largely because veterans have asked me about it—is: in the budget, where there's \$748 million in savings for veterans' allied health services, is that after \$169 million has been put in for increased fees over five years? You put in the \$169 million over five years for increased fees, but then the overall budget is assumed for veterans' allied health services to fall by \$748 million over three years. Is that after you've put in the \$169 million? I'm assuming it is, because it's the overall budget you're chopping. Do you have an answer on that?

Ms Frame: Can we confirm that over the break?

Senator SHOEBRIDGE: Alright. Obviously, veterans are anxious about engaging in the bureaucracy of your department to get what could be essential and, in some cases, life-saving care to go to see a psychologist or to go and get allied health treatment. Maybe they're dealing with chronic pain—you can see from Senator Lambie how chronic pain can absolutely overwhelm you—and need to go and get some physiotherapy or allied health treatment

to go in this. They are telling us that the delay in getting medical expenses approved can be up to six months, as we heard from the department now, under the existing system. What are the current delays? I've got some data here. I might test you on them. What do you understand the current delays to be?

Ms Frame: Mr Kefford will answer in detail on that. They have increased in the last few months, although I would point out that they're coming down again now. The volume of those MEPI claims has increased over 47 per cent in the last 12 months, I think. It's a really significant volume increase in line with what Mr Kefford said about how, if you approve more people for compensation claims and then they are eligible for services—not surprisingly, that has had that impact on downstream demand there. That has resulted in some timeframes for MEPI approvals that we—Mr Kefford can give you the exact numbers. They have increased. We are not comfortable with that. We have recently instigated surge efforts in the department to bring those approval times down, and they have started coming down again. Mr Kefford has detail on that. I just wanted to convey to you that we have very recent efforts in the last month in the department to work on that, because I will not sit here and tell you that it's not something that concerns us. It's something that we are putting additional resources into to ensure that those timeframes come down for veterans.

Senator SHOEBRIDGE: I'll just be clear why I'm asking this question, because whatever the consultation will do, I'm assuming there will be some further process for people to get their allied healthcare claims where they'll have to engage with the bureaucracy to justify whether or not the service over \$5,000 is required. There will be a process in place to see whether or not that medical expense will be approved, and the most obvious comparator the system currently has is the medical expenses privately incurred, or MEPI, claims. The data I have here shows that those claims were being turned around in 32 days on average in 2022-23, which is still too long if you're waiting for essential care, but the most recent data, given in answers to Senator Lambie—I thank her for asking the questions—from November 2025 shows that that has blown out to 85 days on average. That's the most obvious comparison. That's what the veterans are dealing with at the moment. When they see you putting in another process similar to this or something like this for allied health care, they will look at it and know the barriers that that's going to put to basic treatment.

That's why I'm asking these questions. Mr Kefford, maybe you can give us some detail about where you're up to now.

Ms Frame: Before Mr Kefford begins, as I said, we are working on it. It needs to be lower. The most significant improvement that will be effected there—and the reason your comparison does not hold for next year's process—is that we are anticipating a system reform from Services Australia in the next six months, definitely by the end of this calendar year, that will move those approvals onto an automatic reimbursement system. We already have that in place for transport approvals. It has been absolutely transformative in terms of approval timeframes. It is our highest priority with Services Australia after lege reform is implemented on 1 July, so the immediate comparison cannot be made between the manual system now and the automatic system that will be in place. Mr Kefford might like to provide in more details.

Senator SHOEBRIDGE: Sorry, stopping you there, are you telling me that there will be automatic approvals for veterans seeking allied health services claims of over \$5,000? That seems to be entirely contrary to what the plan is. You've never mentioned automatic approvals—

Ms Frame: I did not say that.

Senator SHOEBRIDGE: I haven't heard anything about automatic approvals.

Ms Frame: If I could clarify, I didn't say 'automatic approvals'. I was talking about automation of the process. It is a manual process now, and it will be moved onto a system that provides for very fast turnaround and ability to see those requests at a glance.

Senator SHOEBRIDGE: So you're digitising.

Ms Frame: Mr Kefford would have details on how that has effected a massive change in approvals for transport to which that solution has already been applied.

Senator SHOEBRIDGE: Can we get some answers, first of all, on the medical expenses privately incurred data? As I said, in 2022-23, it was taking on average 32 days to get an approval, still too long. It could be lifesaving treatment that is being delayed. In November 2025, it was 85 days. What is it now?

Mr Kefford: It's about 90 or 91.

Senator SHOEBRIDGE: You see, Ms Frame, that's actually not getting better—

Ms Frame: It actually has got better. That's not reflected in those numbers.

Senator SHOEBRIDGE: Let me finish.

Ms Frame: It has actually come down in the last few weeks because of our efforts, which are not reflected in the numbers that Mr Kefford just gave.

Senator SHOEBRIDGE: Last time I checked, 95 was more than 85, but maybe Mr Hill can correct my maths.

Mr Kefford: As I said in my previous answer, we're in the throes of making a number of significant changes to our process to improve our timeliness, which we accept is not where it should be. The new system was funded as part of legislative reform. As the secretary said, we are waiting to see these numbers come in along with the impact of putting the surge staffing in place that we have done to deal with the MEPI backlog. Part of this process is to automate those processes that make sense, like the simple reimbursement of costs already incurred so that our staff can be focused on the decision-making that we're contemplating in terms of the monetary limit.

Senator SHOEBRIDGE: I don't think it's necessary to revisit the automated argument. We just had that discussion with Ms Frame, and we seem to be falling down the same hole. Maybe Mr Hill can give us some answers.

Mr Hill: Certainly. I can advise that the current average time to process a MEPI—medical expenses privately incurred—reimbursement request at the end of April was 91 days, as expressed previously by my colleague. That is the latest data that we have. As the secretary has indicated earlier, we are doing a substantial amount of work around what we're terming our surge workforce to drive those timeframes down further. We acknowledge that they are not acceptable. There is more work to be done. We have made some simplification and streamlining changes to the process to make those reimbursements quicker. This is in the context, of course, of an increasing number of claims. It is important to note that the increase in allied health fees, which has been part of significant discussion already here this morning, will actually lead to a decreased number of medical expenses being privately incurred. MEPI, as we refer to it, is a system that is utilised when people are yet to receive their card or have received their card and can't find a provider who's willing to accept our fees. It is not about approval or access for approval to treatment. It is about the reimbursement of funds expended after the fact.

Senator SHOEBRIDGE: The delay for these approvals for these medical expenses has tripled since 2022-23. The average delay was 32 days in 2022-23, and you're now telling me it's 91. It's tripled.

Mr Hill: We have had a significant increase in volume, and, as Mr Kefford has explained, we have very manual processes.

Senator SHOEBRIDGE: The volume hasn't tripled, so how has the delay tripled?

Mr Hill: One MEPI application can include hundreds of reimbursements. We have had a MEPI application that we have only just been able to resolve that covered 50 years worth of reimbursements. It shows as one MEPI in the stats, but it clearly has a significant impact on the ability for the department to turn around other MEPI requests.

Senator SHOEBRIDGE: I'm sure some of the 8,972 that were received in 2022-23 were also complex.

Mr Hill: Undoubtedly.

Senator SHOEBRIDGE: So, again, you've had an increase. It looks, on the data, to be about a—I think Ms Frame said—47 per cent increase. How does that correlate with a 300 per cent increase in the delay? I'm trying to work out how to square this circle.

Mr Kefford: This isn't the only program that Mr Hill's area of the department is responsible for, and we've seen significant growth right across the programs that we deliver.

Senator SHOEBRIDGE: When veterans hear that the government's got some cunning plan to put thousands and thousands more claims into the system to get allied health services—Senator Scarr was doing some numbers. Of the 25,000 people who are currently receiving more than \$5,000, maybe some of them will drop off, but then maybe some of them will make multiple claims throughout the year. You add another 25,000, 20,000 or 15,000 claims that are having to be assessed, and it's going to grind down. It's going to be slow. There are going to be delays. Have you estimated what the delays are likely to be for getting basic allied health services approvals with this new system?

Mr Kefford: Senator, without traversing all of the content we've covered so far this morning, there's a presumption in there that the same process will apply for every sort of treatment. For example, it may well be—and this is hypothetical in one sense—for a veteran who is receiving treatment for complex chronic pain conditions, that there is a different level of approval or a different level of processing that's required from a case that looks much more like some of the overservicing that we've been canvassing, and that's part of the design process.

Senator SHOEBRIDGE: You know this, Mr Kefford, and I know you do, Ms Frame. Every time an injured veteran engages with the system, it has the potential to traumatise or to set the veteran back. It's the nature of compensation systems, and I'm not pointing the finger, particularly at Veterans' Affairs. This happens across the board. Minimising the interactions you possibly can have has an overall health benefit to veterans, and this policy

is the exact opposite, isn't it? It's the exact opposite. You're going to massively increase the number of interactions when veterans are simply asking to go to the physio.

Senator McAllister: I think that misunderstands the measure that's in place. As we've canvassed here a number of times this morning, the vast bulk of veterans will experience fewer administrative hurdles to obtaining the treatment that they require by way of removing the treatment cycle, increasing the fees and therefore the availability of these services in the communities in which people live, and improving online and digital access to the information that's necessary for them to administer this aspect of their entitlement. I think it is reasonable to consider the package as a whole, which is designed to deal sensitively with the requirements of veterans to access allied health.

It is also the case that you are making a number of assumptions around the nature of what will be required for people who have more complex needs. We've indicated repeatedly that that's the subject of discussion, and, no, it doesn't matter how many times you assert that this or that process will produce this or that impact. The fact of the matter is that this is an issue that we intend to consult about with the veterans community.

Senator SHOEBRIDGE: I reckon, if you ask most veterans, they'd be willing to say, 'I'm happy to visit the GP four times a year to get approval for a treatment plan if you don't whack a five-grand cap in and cut me off at the knees.' I reckon most veterans would be willing to go to a GP four times a year to not be whacked by a \$5,000 allied health cap from your government, but, Minister, you and I may disagree on that, and maybe you talk to more veterans than I do.

CHAIR: On that note, we're going to break for morning tea.

Proceedings suspended from 11:05 to 11:26

CHAIR: We're going to resume with Senator Lambie.

Senator LAMBIE: I have some questions on medicinal cannabis.

Ms Frame: I'm going to bring our chief health officer to the table to assist with those responses.

Senator LAMBIE: I just want to go back to question on notice 1590, where the department responded that 'no veteran has lost access to DVA funded medicinal cannabis' as a result of these changes that were made. Apparently, that is what was written back from you people. Do you still agree with that statement that you made, or do you want to rephrase that answer to me about how there won't be another veteran worse off?

Ms Frame: I'll confer with my colleagues or confirm that I'm correct in saying that might relate to the grandfathering for six months of any changes that we announced. That would mean that there was no immediate impact, but Mr Kefford might have more information on that.

Mr Kefford: As you're aware, the new arrangements that were put in place did provide for continuity for six months. Essentially, in addition to changing the nature of cannabis products, the changes relate to a requirement in terms of the approval process to require a face-to-face consultation with a specialist provider for commencement of medicinal cannabis treatment or for a significant increase in the dosage to tier 2.

Recognising that there is a need to manage the transition, part of the announcement was a period of six months where existing arrangements could continue to allow time for veterans and their providers to find another specialist who's prepared to continue to support the treatment of, or the prescription of, medicinal cannabis. While there were changes to the products for which DVA was prepared to pay, the prescription arrangements were grandfathered for the six months to which the secretary referred.

Senator LAMBIE: For those six months—what's your next level? Who do those veterans call when they don't know who to call when you've taken that access or that doctor away from them? Surely you'd have a list of those great doctors that you want prescribing on the DVA list on the website, wouldn't you?

Mr Kefford: We need to be careful to not create the impression that we're advertising the services of medical providers. What we have published is information. There is the ability on the AHPRA website to search for providers who have the necessary qualifications. As with any other provision of medical treatment, we have encouraged veterans to speak with their GP, seeking a referral to someone else, if their GP is not prepared or not qualified to prescribe medicinal cannabis. In addition, we have arrangements, as is normal, to fund the cost of travel for treatment if that is ultimately necessary.

Senator LAMBIE: How much has DVA spent on medicinal cannabis in the last 12 months?

Dr Davis: While we're getting those figures, can I just add to that answer of Deputy Secretary Kefford. I think it's important, when we're thinking about medicinal cannabis, that we think about it as part of a veteran's holistic treatment plan. We actually want to think about it in terms of the veteran requiring holistic treatment, which is why we're asking people to speak with their usual doctor, their usual regular treating GP or regular treating specialist. We know there are risks associated with medicinal cannabis, particularly with high THC percentage products. We

know that there have been adverse events associated with high THC products for medicinal cannabis. We want to ensure that DVA is funding medicinal cannabis in line with the best evidence around treatment effectiveness but also safety for individual veterans.

Senator LAMBIE: Once you find out how much money you spend on medicinal cannabis, I'd like DVA to give me a list of the amount of money they've spent on opiates and antidepressants. You'd better write these down. I want to see how much you've spent on this. I want to see how you're coming up with this answer when we know that there are many veterans who have been able to reduce the worst of these medical substances for medicinal cannabis—and I don't think you're playing the game very well. Let's go: lithium, gabapentin, fentanyl, hydrocodone, oxycodone and morphine. I want to know what the department is spending on them a year, please.

Ms Frame: We will take that on notice and we'll get back to you on that directly, Senator. But we do have the numbers on medicinal cannabis here now; Mr Kefford has them.

Mr Kefford: In 2023-24, the department spent \$36 million on just over 85,000 prescriptions. In 2024-25, we spent \$88 million on just over 188,000 prescriptions. By the end of April this year, we had spent \$105 million on just over 198,000 prescriptions.

Senator LAMBIE: I'm just trying to work out how you're trying to dose up your medical evidence when people can reduce those harder drugs, like lithium and opiates and stuff like that—because they're a shocker. They'll only give us more issues in the long run, unlike medicinal cannabis. These things have a lot more issues attached to them. I'm just trying to work out how you're weighing it up. I'm just trying to work out where your medical bloody advice is coming from. You're actually weighing this up. By using medicinal cannabis, a lot of these veterans have had at least a 30 per cent reduction in those other bloody awful pharmaceuticals. That's what's bothering me.

Dr Davis: Senator, you're raising a really good point around the adverse events associated with many different medications, which is a really important thing that we do need to be very cognisant of. I would say that, while there was some early evidence—and this is at population level, so this is from the published peer review literature—around a reduction in opiate use with those users of medicinal cannabis, that has not been borne out over time. We are certainly aware of anecdotal and other reports saying that, within the veteran population, there has been a reduction in the use of opiates. Certainly the evidence that I've seen has been tendered by actors who have a financial interest in the medicinal cannabis industry, and I would question the veracity and the validity and the representativeness of those surveys.

Senator LAMBIE: I don't know how much running around you've done, but I've been doing this for a long time now, and I can tell you that at the last run around I did four months ago—when I could actually walk properly—this was a big problem. You're obviously not speaking to the veterans. There are a lot of veterans, as I can work out, that have been able to reduce their other nasty medications. That's what I said: who are you speaking to?

Dr Davis: I think again—

Senator LAMBIE: I've got a real problem with break down there—speaking to people.

Dr Davis: It is important to acknowledge that some veterans do gain enormous benefit from medicinal cannabis, which is why DVA is continuing to fund that medicinal cannabis. Again, what we want to bring it back to—the new framework is one that promotes veteran health and wellbeing and veteran safety. Again, we know that this certainly does provide benefit to some individual veterans. The enormous impacts of chronic pain have already been discussed this morning, and we absolutely are cognisant of those. But I think we also need to be cognisant of the fact that there are risks associated with medicinal cannabis and the evidence at a population level—that is, the peer reviewed evidence—doesn't show enormous benefits. So, again, there are certainly benefits for some individuals, but there are also risks for some individuals. We certainly have also had direct reports of individuals who've had adverse events associated with medicinal cannabis. So we need to ensure that our funding framework is promoting veteran health and wellbeing and minimising those adverse events and the risks of those occurring. But we are still funding medicinal cannabis.

Senator LAMBIE: Are you talking about safety here? I want to know what safety is when you haven't thought about this: that these people that cannot access it are now going back to their drug dealers—and they're not just accessing that; that drug dealer is trying to push other stuff down their throat. And they've already had drug problems in the past. So you want to talk to me about safety? Have you thought about any of this? This is what I mean. You actually have not been out there and you have not spoken to them. I don't know who you're speaking to at your roundtables; I don't care. But you need to do what I'm doing. You need to put your boots on. You need to go and speak to those veterans that are actually involved in this stuff—and not just one or two of them—all the time. Can you please provide the committee with the clinical data that you've used and the risk analysis and the modelling that DVA has used to determine this outcome.

Dr Davis: Just to frame that answer again, I think it might be worthwhile just taking us a couple of steps back around medicinal cannabis. DVA has funded medicinal cannabis since 2018. What we've seen in that time is an enormous growth in the number of veterans using medicinal cannabis, the number of products that individuals are being prescribed and the doses that individuals are being prescribed it at. As I said before, there is certainly some evidence from individual veterans that they receive enormous benefit. But, at a population level, the risks of medicinal cannabis are substantial, and the benefits are not particularly great. There are particular risks for mental health, and there are certainly instances where high-THC products, particularly, have potentiated adverse events for individuals' mental health.

The other thing we've seen over this time is a huge growth in vertically integrated models which have targeted veterans with specific advertising—they have really been quite targeted—trying to present medicinal cannabis as a panacea, which the evidence does not suggest it is. So I think these are really important things to take into account when we're talking about that.

What we have done is: we've revised the funding framework to try and ensure that it promotes veterans' health and wellbeing and minimises the risk to veterans. Under the revised funding framework, DVA will still fund medicinal cannabis for chronic pain, chemotherapy-induced nausea and vomiting, palliative care indications, anorexia and wasting associated with chronic illness, spasticity from neurological conditions and refractory paediatric epilepsy. But, as I said, the biggest demand we have is for chronic pain.

In terms of changes to that framework, one of the changes is that DVA will now only accept prescriptions from an Ahpra-registered specialist doctor; that includes general practitioners. We believe that that will encourage a greater clinical oversight of patients, because we are seeing that a number of veterans are being prescribed medicinal cannabis by doctors who have only recently graduated from medical school and are sitting within these vertically integrated models, which are pushing and prescribing medicinal cannabis, as I said before, as a panacea, which it is not.

We've also decreased the number of products to a maximum of three products per client, and we've reduced the total dried herb medicinal cannabis for vaporisation to two grams per day or less, across all products, and a maximum THC concentration of 25 per cent or less. The other requirement we've brought in is that, for a first consultation only, or where there is a substantial move between dosage categories, there will be an expectation that there is a face-to-face consultation that takes place. The reason for that is that we believe that leads to a better holistic assessment for a veteran, including a risk assessment around the potential harms of medicinal cannabis, which do include potentiation of mental health conditions.

Mr Kefford: I'd just add to the CHO's answer by noting that DVA is not alone in addressing the concerns that the CHO has been outlining. We've also been contributing to the process that the Therapeutic Goods Administration is running separately in relation to prescription of cannabis in the wider community, in which the concerns that we've addressed are similarly being raised.

Senator LAMBIE: I understand that, Mr Kefford, but, you see, what seems to be the way society's going—because it doesn't want to harm the pharmaceutical companies responsible. You'd rather shove pills down our throats—which it will. That's how it accumulates for chronic pain patients. Multiple facets are joined to it. You're happy to shove those down our throats but restrict the thing that's going to do the least damage to us. I don't understand that; it makes no common sense. The only people winning out of that are the pharmaceutical companies, not us, I can assure you.

While I'm at it, I want to talk about Canada's framework, because I happened to be at your town hall a couple of weeks ago that you had on a Monday night. I believe what you said was that DVA is pretty much following Canada's way of line when it comes to medicinal cannabis. I'm not sure, Chair, but I think my people have just sent through a document. It's a two-page document—the difference between what they're doing with medicinal cannabis in Canada and what we're doing here. And they are miles in front of us. First of all—

CHAIR: Senator Lambie, just so you know, we haven't got that yet.

Senator LAMBIE: You haven't got that?

CHAIR: I'm mindful of time. Can I come back to you? Then we can give people time to look at that document.

Senator LAMBIE: Yes, that'd be great.

CHAIR: Is that alright?

Senator LAMBIE: Yes, that's fine. There are only five or six things. I can read them out. They use telehealth. They use it for PTSD as well, which we do not. Research funding—obviously they have all that. We have restricted mandatory in-person telehealth. We have PTSD coverage? No, we do not. We will not cover PTSD. You're not

even prepared to look at that. I don't know what old doctors you're using in DVA. You might want to get some young ones, to get up with the new game, because things have changed. Medical science has come a long way. We don't put any research funding for DVA into medicinal cannabis. That's the document sitting here in front of me. You have zero data collection on your patients, unlike Canada, who keep it all. And, obviously, they can use medicinal cannabis, whether it's jelly babies or whatever. So, when you tell us that ours is like Canada, that's rubbish. I'm about to give that to you, because it's not.

CHAIR: Okay. Maybe, once we get that info, we'll come back to that. Let's give the officials time to look at that information.

Senator LAMBIE: Thank you, Chair.

CHAIR: Before I give the call to Senator McLachlan, I understand that you, Senator Scarr, have two very quick clarifying points on this.

Senator SCARR: I have two follow-up questions in relation to Senator Lambie's line of questioning. I listened very carefully. The question on notice that Senator Lambie asked about veterans' access to medicinal cannabis—I just want to double-check. You're saying that, as a result of the change in the department's policy, no veteran has lost access to medicinal cannabis, and, as I understand it, that's due to the grandfathering arrangements. Is that correct?

Ms Frame: That's correct, as I understand it at the moment. The numbers, the expenditure, on medicinal cannabis so far this year would affirm that we are spending more money. But it's because all the changes that the chief health officer outlined have not taken effect yet. The one about face-to-face consultations doesn't commence until 1 September.

Senator SCARR: In terms of grandfathering provisions, do they keep in place the regimen that a veteran might have had with respect to medicinal cannabis, or has the regimen—access to the particular medications—changed, potentially, during that six-month period?

Dr Davis: It hasn't changed during the six-month period. During that period, we expect prescribers to work with their patients to bring their dosages and their products within the new funding framework.

Senator SCARR: Okay. So, just for the record, no veteran should have experienced any change whatsoever during this six-month period unless it was in consultation with their physician and they've consented to it—is that correct?

Mr Kefford: The new framework applied for new patients—people being prescribed cannabis for the first time—immediately. The grandfathering provisions related to veterans who were already receiving medicinal cannabis at the point the framework was changed.

Senator SCARR: Thank you, Mr Kefford, but I'm interested to know from veterans whether they've had a different experience. The second follow-up question I had—Mr Kefford, I understand you're not in the business of advertising medical practitioners, but do you accept the proposition that, if there are specialist registered doctors on Ahpra's website in relation to medicinal cannabis, we want to make it as easy as possible for veterans to access that list so that they can arrange appointments and get access? They shouldn't have to go searching through Ahpra's records. Why couldn't Veterans' Affairs just replicate what's on Ahpra's website or have an easy link so veterans could find those registered medical practitioners?

Mr Kefford: We could look at whether there could be a link to Ahpra. As I say, we have published it. The issue we have at the moment in terms of publishing our own list is that our systems don't differentiate at that level as we do in other cases, where a veteran says, 'I can't access a particular specialist,' and we're able to say, for example, 'These are the ones who've accepted our cards in your area in the last six months.' We can't do that at the moment, during the grandfathering period, because the new rules don't apply. The best answer we have for a new patient at the moment is that the Ahpra website has the listing of those specialists for existing patients. That's not relevant until September, and we've encouraged them to work with their GP through that.

Senator SCARR: But, Mr Kefford, it's going to be relevant for them before September because they're going to have to arrange appointments and potentially travel to meet the specialist, if they're in rural or regional areas. Do you understand that this could be time critical because you don't just actually wait until the end of the six months before organising an appointment, because we want to ensure that continuity of care?

Mr Kefford: Indeed, and part of the message that we published was encouraging people to have that conversation with their prescribers now, in the event that they're not in that category. But I think the suggestion you make about adding a link to our website is a good one.

Senator SCARR: Okay. Thank you.

CHAIR: Senator McLachlan.

Senator McLACHLAN: On a completely different topic, can I take us to war graves? Mr Stothart, can you provide an update on the situation with our war graves in Gaza? Last time, we were not certain because of the situation on the ground.

Ms McLaren: Senator, I might kick off. Unfortunately, overnight we received advice from the Commonwealth War Graves Commission that there appears to have been further damage caused in mid-April, and that has affected burials on the south-eastern edge of the Gaza War Cemetery. This comes from new satellite images. These images appear to show additional damage on the south border of the cemetery, which was allegedly caused between 5 and 16 April 2026. This damage seems to have impacted the Canadian UN plot significantly and the Indian section, both of which are located outside the main south wall of the cemetery. Without onsite professional analysis, however, it is hard to determine whether any burials have been disturbed in the newly damaged area of the cemetery. As with previous reports, the CWGC will conduct a full assessment when it is safe to do so. At this time it is still considered unsafe to visit the Gaza War Cemetery.

Senator McLACHLAN: I'm just unclear from what you've advised. Last time we were together, it was indicated that 146 of the 263 Australian graves may have been affected.

Ms McLaren: Yes.

Senator McLACHLAN: So are we saying now that the number may have increased, given their location in the grave area?

Ms McLaren: At the moment, we believe it's predominantly Canadian and Indian graves, but, because it's unconfirmed at the moment, at this point we can't give you definitive numbers.

Senator McLACHLAN: I'm not after the definitive numbers. I was just unclear from your statement whether Australians were included in that area. That's fine. Are we having any communications in addition to the Commonwealth War Graves Commission, as in direct with the Israeli government or representatives, in relation to these graves?

Ms McLaren: The Australian government has been very clear with the Israeli government about the importance of these war graves. The primary method of communication relating specifically to the war graves is through the Commonwealth War Graves Commission. The reason for that is that there are multiple member nations that are impacted by the damage to the Gaza War Cemetery and, for practical reasons, it makes sense for those negotiations to occur through the agency that leads that on behalf of all the member governments. Questions relating to the Australian government's representations in relation to the conflict are best directed to my colleagues at DFAT on Thursday morning.

Senator McLACHLAN: Are you aware of any communication updating us in relation to the graves outside the Commonwealth War Graves Commission? I'm asking specifically around the graves. I appreciate that your main source of information comes from the Commonwealth. I'm not challenging you on that, but is there any additional information that we may have that's been supplied to the department?

Ms McLaren: All information relating to war graves has come from the Commonwealth War Graves Commission.

Senator McLACHLAN: In your discussions with the Commonwealth War Graves Commission, has there been any thinking around how we're going to rehabilitate the space when available? My asking this is related to whether there has been any thinking around having to do any forensic assessments and therefore having a possible budget implication for Australia in our contributions.

Ms McLaren: Yes, certainly. I'll just take you through the process in any of these scenarios. Unfortunately, this is not new to the Commonwealth War Graves Commission. They've been operating in difficult environments for over a 100 years. The process that they follow is in line with the royal charter mission to ensure the perpetual commemoration of Commonwealth casualties. In practical terms, that involves, in the first instance, ensuring the safety of the staff and establishing and maintaining dialogue with relevant authorities. As you would appreciate, the Commonwealth War Graves Commission, supported by the Australian government, will not send staff back into an environment where it is considered unsafe. The next step is to establish, as far as possible, the cause, extent and nature of the damage and the responsibility for it. They then work closely with the member governments, through diplomatic channels, to plan for the repair and restoration of cemeteries when it is safe and practical to do so. That's where they have the conversations about who is responsible and who should ultimately pay. At this point, we have not been asked for any budget associated with reparations.

Senator McLACHLAN: Are we aware if there are any families who are very engaged with these particular burials, and, if so, have we had any interactions with them?

Ms McLaren: I'll ask Mr Stothart to provide the advice on the interactions of the Office of Australian War Graves with the impacted families.

Mr Stothart: Yes, we have, and, yes, there are. Our website, the Office of Australian War Graves website, has posted a message for any concerned citizens or family members of potential service personnel that are buried in those cemeteries, particularly the Gaza War Cemetery. That website links to the CWGC website, which is updated regularly. The last update to their sites in challenging locations website was 26 May. There have been a number of pieces of correspondence that have been forwarded to my team and myself from citizens who have concerns around the conditions of family members' graves, and we've responded to that correspondence. So, yes, there are family members that are deeply engaged, and, yes, we are in contact with them and trying to share as much information as we possibly can.

Senator McLACHLAN: You may wish to take this on notice, but can you just give me, at some point, the number of families engaged as a proportion of the 263.

Mr Stothart: I'll take that on notice.

Senator McLACHLAN: Just on that line of thinking, how many inquiries does your office get in relation to war graves on an annual basis?

Mr Stothart: Can I take that on notice? I couldn't give you a ballpark, but we are seeing an increasing amount of correspondence around family concerns or inquiries around graves. And, pleasingly, a number of what we would call historians, amateur historians, who are seeking to find graves through genealogy, family members, and also local community groups. So there is an increasing number of correspondence being received by the office. I'll have to take on notice exactly what that number is on an annual basis.

Senator McLACHLAN: How many staff do you have dedicated to responding to that correspondence?

Ms McLaren: I think that it would be fair to say that we don't have staff that just do that as their job. When correspondence comes in, we ask the relevant officer to provide information to assist in the development of that correspondence. We don't have people in the Office of Australian War Graves that only respond to correspondence. I think it's probably going to be a little bit difficult to give you a number in that regard.

Senator McLACHLAN: I appreciate you sharing the workload. What is your average response time? I know that it will vary depending on how much work is required. I'm looking at it from a perspective of how we provide a service to those people and how you're prioritising them, because there'll be an individual family member making a request regarding Gaza, for example, which would be more immediate than a family historian asking for certain information.

Ms McLaren: We'll take on notice the time taken. What I will say is that we have a very dedicated team who work as quickly as possible to provide information. Often, they're dealing with families in a bereaved state, because the Office of Australian War Graves deals with those official commemorations, and it might be quite soon after someone has passed. Obviously, in that scenario, it's really important that we engage with the families as quickly as possible to ensure that their needs are met. We'll get you the detail on the average, but I think it is going to be difficult to say an average in that scenario.

Senator McLACHLAN: Yes. Averages can be misleading. How do you determine, in your leadership role, that you're meeting the service standards? Actually, a better question is: what service standards do you have to which you hold yourself to account, and how are you measuring those?

Ms McLaren: We do have some KPIs that we do measure ourselves against, which I will attempt to get for you. I think customer or client satisfaction is a key one. Certainly, we get a lot of compliments in the Office of Australian War Graves and that's something that we're very proud of. I'll get you the details on the KPIs.

Senator McLACHLAN: I'm not coming from a point of criticism; I'm coming from a point of trying to understand whether you are adequately resourced and how you assess that. If the inquiries continue to increase and they're of a particular nature—with a significant amount of emotion attached, as can happen—your officers are going to be under increasing pressure. I'm trying to understand how you're measuring, how you're determining satisfaction—I know that customer surveys are important—and where the pressure points are.

Ms McLaren: We'll certainly get you advice on that. As you rightly said, there is a lot of emotion associated with the Gaza war graves, but it is a very small percentage of the work that we do. The Office of Australian War Graves is responsible for over 300,000 official commemorations in Australia, Papua New Guinea and the Solomon

Islands, so our work is quite diverse. Although there is a lot of emotion in that area, I envisage that that will still remain a very small component of the overall work that the team does.

Senator McLACHLAN: I was using Gaza as an example; it's not where my particular interests lie in this line of questioning. If you could just give me some understanding, then perhaps I'll ask further questions on that.

Ms McLaren: Certainly.

Senator McLACHLAN: I've had some interest in the Karrakatta Cemetery, which I'm sure you have some notes on. My interest is around—firstly, concern has been expressed that our intentions are not commemorating correctly, going to bronze plaques as opposed to the traditional method. I was wondering if you could enlighten me around that.

Mr Stothart: Certainly. As you'd well know, under the Australian Constitution, the responsibility for cemeteries and crematoria is devolved to the states and territories, so there is no federal legislation that covers cemeteries and crematoria. There is the War Graves Act, which details the responsibilities and the authorities of the director of war graves, and there's a regulation in the Defence Act that gives the officer commanding a graves registration unit and the director of war graves certain powers across the Commonwealth. I'll start with that framework.

Interestingly, for me, since taking up this role—each state and territory has its own legislation regarding cemeteries and crematoria. Specifically, each state and territory—some have very different approaches to burial right tenure. In some states you may buy a plot of land, a grave, and you hold that piece of land in perpetuity, but in some states and territories, particularly Western Australia, you only hold that grave for a 25- or 50-year time period and then the burial right may need to be replaced or renewed. If it's not renewed—at times graveyards and cemeteries need to go through a renewal, redevelopment and reuse process, particularly those located in central parts of the urban areas, because they're running out of land in those cemeteries. In Karrakatta, in Western Australia, which has burial rights legislation of certain tenure for those graves, they went through a renewal and reuse process. Unfortunately, some veterans graves—graves that contained veterans, with burial rights that were held by family members—were not renewed, and they were identified for renewal and reuse.

The complexity in this circumstance is that there may be a veteran in the grave but, under the private burial right tenure, they may have placed other family members in that grave. The Office of Australian War Graves may have placed a form of official commemoration on that grave, which we have a responsibility to maintain in perpetuity, based—in my understanding—on the continuation of that burial right being held by the family. In the circumstance of the powers of the Office of Australian War Graves interacting with the wishes of the family, we would normally defer to the family's wishes. Now, these are not war dead from World War I or World War II, who died in war; these are largely war veterans who've returned from war and subsequently died of other causes, but the causes could have been related to their war service.

Senator, I think you just asked for a general comment around Karrakatta—

Senator McLACHLAN: Yes, I did.

Mr Stothart: There's another line of questioning that you may want to explore.

Senator McLACHLAN: Yes. You're anticipating what I'm going to ask. I'm interested in how this process played out. That was very useful. I am aware of similar challenges in South Australia between the department and the state department, and multiple-use burials with family members. Could you just outline the process we went through in relation to this.

Mr Stothart: In Karrakatta?

Senator McLACHLAN: Yes, and where we ended up.

Mr Stothart: The municipal cemeteries board, part of the Western Australian government, embarked upon the cemetery renewal and reuse process. When that occurred, there were a number of veterans graves—containing veterans and, potentially, other family members—that did not have the burial right renewed. The cemetery authority used its lawful authority to redevelop the cemetery, which caused, in some cases, graves to go unmarked, graves to be reused or infrastructure to be placed over graves. This occurred many, many years ago. Quite understandably, there was a degree of community upset, if not deep concern, around this occurring to graves containing veterans.

My office and the previous director of war graves made a determination that we would reinstate those commemorations where we could. We are part way through that process of reinstatement, which is that, where we possibly can, we are reviewing every one of the 65 graves containing veterans that were affected by the cemetery reuse and renewal to reinstate a commemoration as appropriate on those. We are working through that process. We have been considering the degree of contact we have with family, noting that family didn't renew the burial right,

and how we might be able to expedite the process to effect the reinstatements as appropriately as possible in the circumstances that we now have.

Could I also add that, as a result of the review of that circumstance, the municipal cemeteries board and the Office of Australian War Graves have an MOU now that is providing significant protection and arrangements around any reuse of a cemetery that they have control or authority over where they contain either war graves or graves that contain veterans. We are in close contact with the municipal cemeteries board in that regard. It is key that we need to establish a uniform approach to veterans' graves and graves that contain veterans across Australia and the Commonwealth. That is work that is underway, albeit fledgling work.

Senator McLACHLAN: I'll encourage you in that work. There are similar issues in South Australia. I only have one minute left. These graves that weren't renewed that you identified—how do we know they were veterans' graves? They were marked as veterans graves before they weren't renewed? Or someone kept the register that they were veterans?

Mr Stothart: I think that between the municipal cemeteries board at Karrakatta, the Office of Australian War Graves and also the very helpful research of a number of historians—amateur historians and community historians—with great confidence we know that those graves contained veterans of Australia's wars.

Senator McLACHLAN: Part of the problem is some veterans returned and didn't want to identify themselves as veterans, so we don't always know that they're a veteran, which is part of your great challenge. Can I ask you to table the memorandum of understanding. If you have a problem with that for any particular reasons, I'm sure the secretary will claim public interest. There's a process underway, but that process hasn't been completed yet. Is that correct?

Mr Stothart: The reinstatements at Karrakatta? No, they have not.

Senator McLACHLAN: Has the design of the reinstatements been finalised?

Mr Stothart: Yes. Well, again, there are many forms of memorial marker. To reinstate a commemoration, headstone, bronze plaque or plinth, there's a degree of technicality—

Senator McLACHLAN: No, I'm not pushing you on that. Has it been finalised, or is it an ongoing process?

Mr Stothart: The plan for how we're going to execute it? No. Well, the plan has been formalised in how it will be executed. We are in the process of execution of the plan.

Senator McLACHLAN: Will the Commonwealth fund that?

Mr Stothart: Yes.

Senator McLACHLAN: Is it the MOU or any other particular agreement in relation to this cemetery that keeps those plaques in perpetuity?

Mr Stothart: Largely through the responsibilities of the Office of Australian War Graves and the director. But how it interacts with state and territory legislation and the wishes of the families and burial rites is an area for further confirmation. Karrakatta gives us an example of both good practice to follow and potentially areas that we would want to avoid in the future as we move to the aspiration of a more uniform approach to all veterans' graves and war graves in Australia. Karrakatta will have good examples, but it also will probably have some areas we would not want to replicate.

Senator McLACHLAN: Once the plaques or whatever commemoration we're going to do—does that mean it's now on your radar, in your lists, as something that you have care and attention for over the long term?

Mr Stothart: Yes.

Senator McLACHLAN: I'll hand back to you, Chair.

CHAIR: Senator Shoebridge, I'm going to come to you.

Senator SHOEBRIDGE: Mr Stothart, I think it was either you or the minister who indicated that you received information overnight from the Commonwealth War Graves Commission. Is that right?

Ms McLaren: That was me.

Senator SHOEBRIDGE: How did that information arrive?

Ms McLaren: Via email.

Senator SHOEBRIDGE: You indicated that there were new satellite images as well.

Ms McLaren: Correct.

Senator SHOEBRIDGE: You've obviously looked at them because you say these images appear to show additional damage to the south quarter.

Ms McLaren: I've had a quick look at the images, but it's the advice from the Commonwealth War Graves Commission that states these images appear to show additional damage.

Senator SHOEBRIDGE: Could you please provide a copy of the images, the advice and the email.

Ms McLaren: I can provide the link. I don't have something to share with you at this moment, so I'll take that on notice.

Senator SHOEBRIDGE: This is a matter of some significant concern, obviously, to the veteran community and to all of us about Australian war graves having, it appears, potentially suffered more damage.

Ms McLaren: But this additional damage, it has not been confirmed it includes Australian war graves; it's primarily Canadian and Indian.

Senator SHOEBRIDGE: What I'd ask you to do is, if you have the information available to you—and you clearly do, because you've looked at it in the last 24 hours—you could provide it to the committee today. Now, that may involve someone in your office pressing the link and then downloading it. If it could be provided over lunch or before lunch, if it's available, I don't think that's an unreasonable request.

Mr Stothart: The CWG advice has come from satellite images which were posted on the internet by an organisation called Endangered Archaeology in the Middle East and North Africa. It's called the Amarna Project and they are a joint project with universities in the UK. This is an interest group looking after, protecting or monitoring any archaeology that may be endangered. That's the public-facing website that they've drawn the images from.

Senator SHOEBRIDGE: Well, thank goodness someone's looking after these incredibly important sites. No doubt people will be looking at that website now and trying to download those images. Obviously the Commonwealth War Graves know the site with a degree of intimacy, and their analysis and review are obviously important, so I press my request to provide that to the committee. I can't conceive why there would be a privilege claim or something on advice coming from the Commonwealth War Graves. I can't conceive why it would be resisted, so can you provide it to us?

Ms McLaren: We are not resisting anything. The advice is that the Commonwealth War Graves received this information yesterday and, as I gave evidence earlier, they have not undertaken the detailed analysis yet. That information will be provided at the next meeting of the Commonwealth War Graves Commission, because they will be doing the additional analysis.

Senator SHOEBRIDGE: Again, I say, will you provide the email and the correspondence and the images that have been provided to you by the Commonwealth War Graves, and if we could have it before lunch or during lunch, that would be of significant assistance.

Ms McLaren: I will take it on notice, as I said. I will try to get the link printed. I just want to seek further advice from the Commonwealth War Graves Commission, as this is their information.

Senator McAllister: She's taken it on notice. I should not refer to Ms McLaren as 'she'. Ms McLaren has taken it on notice and, as you know, she's quite entitled to do so, and it's not unusual for that to be the case where it's requested that a piece of correspondence or a document provided to the Commonwealth be tabled.

Senator SHOEBRIDGE: If you could provide an answer to us—you either will or won't be providing it to us either before or after lunch—I think that is respectful to the veterans and their families. Is there a rationale for not providing it to us, given it's obviously available to you? You viewed it in the last 24 hours. I mean, I've been to Commonwealth War Grave cemeteries. They are incredibly respectful sites. I think the one I visited was Bomana just north of Port Moresby. The public should see what you know about these war graves in Gaza, where hundreds of Australians have their final resting place, and we should know it as soon as possible, so I'd ask you to provide it if you can.

Senator McAllister: Ms McLaren has taken it on notice. You know, as do all the other senators here, the way the standing orders deal with questions that are taken on notice, and Ms McLaren will respond in the ordinary way.

Senator SHOEBRIDGE: When the public watch these exchanges knowing that you have the correspondence relevant to matters of public interest at your fingertips and can see in this case that it came not from secret Treasury advice—this has come from the Commonwealth War Graves—and that it is not being provided on a timely basis, the message I get is they have less respect for the bureaucracy, less respect for the government. When we have these endless fights over the simplest provision of information it actually degrades belief in government. I know that is your practice and I've seen it in your government time after time in these processes. But I just want to let you know that, when the public sees it, it degrades respect in your government, in the bureaucrats and in the work that they do. I hope you realise that, Minister.

Senator McAllister: Our government operates to provide as much information as we responsibly can in the estimates process. Some of the provisions, including the ability to take a question on notice, exist to make sure that the information provided to the Senate is accurate and also that the way that it is provided is consistent with all of the other obligations in terms of our many other parameters of running a government effectively. Ms McLaren has it taken on notice, but I should say that you are very welcome to continue to ask her questions about the content of the material. She's been incredibly forthcoming about that to date, and I encourage you to actually ask a question instead of endlessly providing observations on the quality of the government.

Senator SHOEBRIDGE: I can't tell you how much more useful questions about a document would be if you gave me the document and you gave the public the document. Yes, I could keep asking questions about a document you refuse to produce for reasons that are unknown, or sort of opaque at best. But I've got to tell you, Minister, I reckon the questions will be better once I have the document and the satellite images in front of me, and maybe we can get there before this hearing ends.

Ms Frame: Can I just add one thing? As I understand it, Ms McLaren and Mr Stothart have indicated where the link is to the satellite images and all they are wanting to check is that the author of the document, the Commonwealth War Graves Commission, are comfortable with that material being provided to the Senate. That is the only check that I understand they have undertaken to initiate as quickly as possible. But the satellite images that currently reside in—

Senator SHOEBRIDGE: It is 4.16 am in London, so that's just a way of avoiding the production of the documents. But anyhow, we will move on, hopefully, with the documents at some point. Now, you said that you were getting some further advice and some further information about the \$5,000 cap. One of the questions I asked you—and I think it's one of the obvious questions that anyone would ask when they read the budget—was: does the \$748 million cut over the next three years take into account the \$169 million in additional alleged expenditure because of the fee increase over five years for allied health? Simple question.

CHAIR: Before that, Senator Shoebridge, Senator Whitten has some more questions on the war graves. I was hoping that we might just wrap up this part, then we'll come back to the issue around the \$5,000 cap, if that works for you. I understand the secretary might have further information to provide the committee, and then we can go to lunch and work through that issue.

Senator SHOEBRIDGE: Well, can we get this question answered first, if you don't mind, because that's relevant to a bunch more questions.

Mr Philp: The answer is 'yes'. The measure includes the expenditure of \$169.7 million and then the savings of \$779.5 million.

Senator SHOEBRIDGE: That means the actual cuts to what would otherwise be the expenditure are closer to a billion dollars than \$700 million.

Mr Philp: I'm not sure it works that way.

Senator SHOEBRIDGE: What is the expenditure in the increased fees over the three years? Because rather annoyingly—I'm not going to say it's deliberate, but it is annoying—the budget says an extra \$167 million because of fees over five years. It then says, 'Actually, we're also going to pull back \$748 million over three years.' So what's the budgeted cost for the increased fees over three years?

Mr Philp: I don't have that in the budget document. Colleagues may have that in front of them; otherwise, we can take that on notice.

Senator SHOEBRIDGE: Yes, but my point is right, isn't it? The actual cut from business as usual is significantly more than \$748 million because we also have to add in the \$167 million, or at least three-fifths of the \$167 million. So the actual cut from business as usual is close to a billion dollars.

Mr Philp: No. The measure requires the expenditure for the save, so they're inclusive and have regard to one another in that sense; they're not additional or additive.

Senator SHOEBRIDGE: You chip in another \$169 million to take into account the increased fees, right? That goes in. The overall budget, even with that going in, from business as usual, is reduced by \$748 million, so the actual cuts, what you're taking out, is closer to \$1 billion.

Senator CADELL: It's \$975 billion.

Mr Philp: Maybe my colleague can talk to the modelling, but that's not—

Senator SHOEBRIDGE: If you tell me what the actual additional over three years is, we'll be able to actually have an answer. Unlike the budget papers, we can compare apples with apples. What is the size of the actual cuts?

CHAIR: I don't know if the secretary or the department wanted to provide a wholesome answer to the whole issue. You agreed to come back to the committee. I'm mindful we're going into bits and pieces here.

Senator SHOEBRIDGE: It's not bits and pieces; it's \$1 billion.

Ms Frame: We're a bit confused, because we consider we've conveyed the information. I'm not myself understanding the senator's point, but I'm looking to my colleagues—

Senator SHOEBRIDGE: I'll make it very clear. You say that the overall budget for allied health services—this is what the budget says, and it's what we confirmed earlier—is going to be reduced by three-quarters of \$1 billion over three years. That's in circumstances where one small part of that, the fees that you pay to the allied health services, is going to increase by \$169 billion over five years. In order for that to be true, you must be taking some of that \$169 billion out from other parts of the budget. That can only happen because you are savaging service numbers. If you're paying more per service but ripping \$750 million to \$900 million out of the system, there must be a savage reduction in the numbers of service providers. I thought this was what we were going to get some answers about when you went away to have a look at it. Do we have any answers? What's the reduction?

Mr Brown: The answer is that \$748 million is the save over three years from the introduction of the \$5,000 AML. The roughly \$170 million in increase—they're separate figures.

Senator CADELL: So the \$748 million is not net; it's gross?

Mr Brown: It's gross. It's the gross save from that measure.

CHAIR: Senator Shoebridge, we will come back. I did discuss with you and others about dealing with this issue once we finish with the war graves.

Senator SHOEBRIDGE: But we'll be back to war graves when we get the documents.

CHAIR: Sure. But I know Senator Whitten has some questions, so I'm going to hand the call over to him. Then I'll come to Senator Lambie, and then hopefully the department might be able to give us something else on that issue. Senator Whitten.

Senator WHITTEN: I've got a short statement for context before I get to the questions. Hundreds of war graves at Karrakatta Cemetery have had their official AIF granite commemorations destroyed or removed by the two agencies charged with maintaining and protecting them. These include soldiers who fought at Gallipoli, those decorated for bravery on the Western Front, prisoners of war and many others who succumbed to the effects of war. In 1922, the Australian government gave a commitment that the graves of eligible veterans would be marked with permanent official headstones and maintained in perpetuity. At civil cemeteries such as Karrakatta Cemetery in WA, many of these official commemorations were removed, destroyed or abandoned, while other veterans are now buried beneath a footpath, a wall or garden beds. Despite repeated requests by the families that the official commemorations be returned to the gravesite, the basis for war-grave commemoration in Australia, both the Metropolitan Cemeteries Board and the Office Of Australian War Graves have only agreed to do this wherever possible and not with the permanent headstone that were promised to the families. What records exist detailing the removal and destruction at Karrakatta, or the storage or reuse of official war-grave headstones? Will the government release those records publicly?

Ms McLaren: I'll hand to Mr Stothart in a moment. He gave an answer to Senator McLachlan about the Karrakatta reinstatement program. In terms of the records that are held, they're a little bit patchy because of the relationship with the metropolitan cemeteries authority. I'll ask Mr Stothart to go into some more details about the records that we do hold, and then we can detail the program of reinstatement that we're currently implementing.

Mr Stothart: Just if I could recap, under the Australian Constitution legislative responsibility for burial rights, graves, cemeteries and crematoria is devolved to the states and territories. It's not federally held. That leads to a number of different approaches to grave, cemeteries and crematoria, particularly when it comes to what we call burial rites. Tenure is different by state and territory. When you or the executor of a will buys a grave to place a family member in it, in some states that's not held in perpetuity. That is not the grave site you own forever for that family member. It is on a 25 year or a 50 year or a different time period basis. Basically, you have a leasehold over that piece of land. It's not held in freehold.

In WA and South Australia, they have tenure—25 or 50 years or a certain period of time of which you own that land for the use of the burial of one of your family members or someone you're responsible for as the burial rights holder. When that burial right expires at 25 or 50 years, or whatever the time period is, it is either renewed or that piece of land can be reused and redeveloped. In WA in Karrakatta between 1980 and 2007, they went through a major redevelopment of the cemetery. Some graves that contained veterans of wars that did not have the family member or another responsible person renew the tenure. That enabled the Metropolitan Cemeteries Board to

redevelop the cemetery, which they did to account for growing demand for more burials in that cemetery in the urban area of Perth. That is the same in South Australia. In some states, burial rights are held in perpetuity. In Tasmania, you buy that piece of land and that piece of land is yours in perpetuity. There is different legislation across the country.

The Office of Australian War Graves and the Director War Graves are subject to the War Graves Act, which gives us and the office bearer in my position some authority to protect war graves of veterans in certain circumstances. I just thought it was important to give you the caveat or that context to what has occurred in Karrakatta. In my answer to Senator McLachlan, it is very clear to me that we need to come to a uniform approach across the nation, in every state and territory, on how we deal with war graves and graves that contain veterans. We are moving towards that.

The record keeping from some of those graves has been pieced together through a combination of Office of Australian War Graves records, records of the Karrakatta Cemetery, the Metropolitan Cemeteries Board and, gratefully and thankfully, the support of a number of amateur historians and official historians who have assisted us in tracking how many graves contain veterans in the Karrakatta Cemetery. We are looking to move towards a more uniform approach, as I said, across the whole Commonwealth as to how we deal with war graves and graves containing veterans. Sometimes in these burial rites, they are owned by family members and subsequent family members have been placed in those graves with those veterans.

In the war cemeteries of the Commonwealth war graves, the burial rite is in perpetuity even in those states and is held by the Director War Graves and the Office of Australian War Graves. At the Perth War Cemetery, which is right next to Karrakatta and part of the same precinct, burial rites are held by the Commonwealth through the Office of Director War Graves and the Office of Australian War Graves.

Senator WHITTEN: I've got to say I am absolutely gobsmacked that anyone could think it's okay to build a footpath over a veteran just because it's on a different piece of land. Find me an Australian that thinks that's okay. Lest we forget—until we do. Unbelievable. Why are families being offered restoration of official commemorations only wherever possible when the original commitment was for permanent maintenance in perpetuity?

Mr Stothart: Where the burial rite is held by the Director War Graves or of the Office of Australian War Graves, that grave will be maintained in perpetuity. Where the burial rite is held by a family member and it wasn't renewed—that is where the difficulty arose in Karrakatta.

Senator WHITTEN: I still can't fathom that somebody thought it was okay to build a footpath over somebody that was prepared to lay down their life for us.

Ms McLaren: The program of cemetery renewal in Karrakatta was undertaken by the Metropolitan Cemeteries Board between 1980 and 2007.

Senator WHITTEN: But it probably doesn't matter who undertook it. We could take a survey in this room and see if anyone thinks it was okay. I'm dumbfounded.

Ms McLaren: The Office of Australian War Graves has been working very closely with the Metropolitan Cemeteries Board, recognising your point that it's really important that we commemorate these veterans appropriately. We've identified that there are 90 veterans' graves that were impacted by that cemetery renewal. As of 1 October last year, the Metropolitan Cemetery Board has confirmed that 62 of those graves are eligible for reinstatement, 25 graves are not eligible for reinstatement and three graves are still being considered for eligibility of reinstatement. As of January this year, we have made 12 offers of reinstatement. Six offers have been accepted. Two of those offers have been declined. That is up to the families to say, 'We don't want this.' They can choose to say no.

We're continuing to work with the Metropolitan Cemetery Board. Where a grave is not eligible for reinstatement in its original position—because, as you've pointed out, there might be infrastructure that's been put in place—we're working with the Metropolitan Cemetery Board on suitable options for a reinstatement of that grave that's not in its original location. We are working to make sure that all of those veterans are appropriately recognised, recognising that they weren't interred in our war cemetery originally and therefore the care and responsibility did not fall within the Office of Australian War Graves. Once they're reinstated, they will become the responsibility of the Office of Australian War Graves.

Senator WHITTEN: So you're giving a commitment that everybody of the last 30-odd—what was the number?

Ms McLaren: Twenty-five.

Senator WHITTEN: They'll be appropriately positioned and not under a footpath?

Mr Stothart: The degree of redevelopment that occurred in Karrakatta has meant that some of the locations of graves containing veterans have had some significant infrastructure placed around, near or over the top of those graves. Cemetery renewal and redevelopment is not uncommon in graves and cemetery areas that are popular and in the middle of urban areas, and they need to do so because of the lack of space as they move through this process.

Senator WHITTEN: I get that. But I mean, seriously, you put a footpath—well, not you personally. But there's a footpath over some war veterans. I just find it totally unacceptable.

Mr Stothart: We monitor two broad forms of commemoration. One is an official commemoration or a memorial marker that may be over a grave, or it's in a crematorium wall where ashes may be located. But we also have 10 gardens of remembrance located in all the state capital cities of Australia and, in addition, Townsville and Launceston. These gardens of remembrance have a bronze plaque that details the service of a veteran to our nation. There are no human remains in those gardens of remembrance. At times, there may be ashes spread in a garden of remembrance or an ashes container, and that is an official commemoration that the federal government has committed to uphold in perpetuity.

The intersection with state and territory running cemeteries and crematoria, the burial-rights holder that might be a family member or an executor of a will—that does not exist in our war cemeteries, where we own the real estate, the sites, all the burial rights and our gardens of remembrance. Commemoration in perpetuity can be done in a number of different ways. Of course, if we've given that commitment to a grave, a headstone or a memorial marker where that veteran is buried, that should be held in perpetuity, but there are other ways for us to achieve commemoration in perpetuity that don't necessarily have to intersect with state or territory run cemeteries and crematoria nor the wishes of family members, which change over time.

Senator WHITTEN: I'm assuming there are human remains from the graves out of the 25 that have got a footpath over them.

Mr Stothart: My understanding is that there were no exhumations as part of the redevelopment of Karrakatta that occurred between 1980 and 2007.

Senator WHITTEN: I'm not related to any of those people, but, in the core of my being, I find it abhorrent that anyone could do that. I don't know whose fault it is or who's responsible for it, but, if they're listening: fix it.

Mr Stothart: I did say to Senator McLachlan that, as a result of that process, the Office of Australian War Graves entered into a memorandum of understanding with the Municipal Cemeteries Board. The Municipal Cemeteries Board, in conjunction with us, are now offering significant protections and safeguards around graves that contain veterans. I have a commitment to move to a better national approach to veterans' graves across the states and territories of the Commonwealth.

Senator WHITTEN: I hope so.

CHAIR: Senator Lambie.

Senator LAMBIE: I want to come back to medicinal cannabis. I've got a couple more questions for Secretary Frame. You've assured this committee that no veterans have lost access to medicinal cannabis, because their current scripts are grandfathered. Unfortunately, because you've grandfathered them and because there are people you're investigating that you've shut down, those veterans now do not have a prescribing doctor.

Ms Frame: You're referring to providers. The prescribers themselves have been impacted by recent changes.

Senator LAMBIE: Why did you say that they could be grandfathered? These people can't be grandfathered, because DVA is looking into some of these prescribers. So now they don't have a doctor at all. That's what I'm asking you.

Ms Frame: Okay.

Senator LAMBIE: That's the problem. I'm looking at about 200 veterans on my account so far. After this, I imagine there'll be more.

Ms Frame: That's where—

Senator LAMBIE: You've left them with nobody, because you've got them under investigation—not the veterans, but those groups out there. They were those veterans' first treating doctors. They don't have that anymore.

Ms Frame: That's where, as we said, we have the list. We agreed with Senator Scarr that we should directly link to the Ahpra list on our website that refers to that. It sets out which doctors can prescribe.

Senator LAMBIE: I think you can do better than that.

Ms Frame: Okay.

Senator LAMBIE: You must know the people who are involved and who's being looked at. Why can't you reach out to those people? You have all their mailing addresses. This is the extra duty of care which would take that bit of pressure off. The DVA needs to go that little bit further. These people probably should have been dealt with to start with. I think the DVA needs to do a little bit more about those people who are sitting out there. I reckon there'd be 500 or 1,000 of them sitting out there. If those people you're investigating have got so many people on their books, those veterans no longer have a treating specialist. They've got to start all over again. It's not as easy as just having a telehealth. There are problems with this.

Ms Frame: I will take it on notice.

Senator LAMBIE: I have one more question.

Ms Frame: I want to assure you I will take on notice to see if we can identify veterans. If we knew of veterans who don't have prescribers at the moment, or if that information could be provided to us, in line with your request, we will take on notice what we might be able to communicate to those veterans.

Senator LAMBIE: You've got accounts people there. They've got to pay the bills. You must know who they are. Surely the systems cannot be that far down. Is Dr Davis still there?

Dr Davis: Yes.

Senator LAMBIE: I have also been told—I don't know if you signed off on it or if somebody else did, and you're very aware of it—of a veteran who's been denied medicinal cannabis while they're undergoing chemotherapy. It was denied either by you or by someone within your department. Do you know anything about that?

Dr Davis: I don't want to comment on individual cases. I don't think that's appropriate from a privacy perspective.

Senator LAMBIE: As a matter of fact, you had an email.

Dr Davis: However, I would comment that, again, our framework intends to provide care or medicinal cannabis to veterans under situations where it is safe and effective. Our entire framework is aiming towards that. As we've said, that's why we have a grandfathering period—so that people can be moved to a new provider as needed. DVA does provide travel where a telehealth consultation—which is only required under certain circumstances. DVA will provide travel support where a face-to-face consultation is required.

Senator LAMBIE: This was a referral from their doctor, everything else, and DVA denied it, so I'll be coming through. That's been denied. Apparently you're in that email trail, so I suggest you pick it up. It's not a good look. The suicide register—how's DVA veterans suicide register going? Where are we with that?

Ms Frame: We have an update on that register at the commencement of every royal commission implementation committee meeting. Defence also have an update. That is something for which updates are provided from both Defence and DVA. It goes to the regular reference to that register.

Senator LAMBIE: How many suicides, between Defence and DVA, have we had in the last 12 months?

Mr Kefford: One of the difficulties with answering that question is that there is sometimes a lag between the report of a death of an individual and coronial and other processes. The last published data on those numbers were the AIHW's report up to the end of last year, which I'm sure that colleagues could assist me by pulling out.

Mr Brown: Senator—

Senator LAMBIE: While you are waiting on—sorry, Mr Brown.

Mr Brown: In our 2025 report from AIHW, which looked at those veterans with service between 1985 and 2023, for deaths between 1997 and 2023, there were 1,532 ex-serving personnel who died by suicide.

Senator LAMBIE: . I can understand DVA might have a bit of lag time, but Defence shouldn't. Defence can't tell us who's committed suicide on or off their bases in the last 12 months? You don't collate that? This is why we went to a veterans royal commission in the first place, yet we're still willy-nilly with the numbers, are we? What's after 2023? We're in 2026. Where's the data?

Mr Brown: We have informal mechanisms—sorry, let me rephrase that. We have mechanisms which track reports of suicide outside of that formal AIHW data-monitoring activity. In terms of those unverified reports of suicide, we had, in 2025, 30 reports, and in 2026, year to date, we've had 12.

Senator LAMBIE: How's that data being collected by the AIHW?

Mr Kefford: The AIHW relies on data that comes through, including through the work of the state coroners courts. The data to which Mr Brown's just referred is a collation of reports to us that a veteran has died and may have died either by suicide or through misadventure. That comes through relatively quickly, but the actual

confirmation of suicide takes time in some cases, and sometimes it involves the coroner's court. The AIHW relies on the coroner's court data as the final—

Senator LAMBIE: The coroner's court, compared to the numbers that it should deal with, doesn't, unfortunately. I'm sorry, we don't get the coroner's court that often. You can't do numbers off the coroner's court because a lot of us never get there. Relying on the coroner's court is just rubbish. Defence won't use the coroner's court very often, and they'll avoid it like the plague, or they'll make you sit there for three or four years and go through your circumstances. That's what they do to families. They're a long way from the numbers of people who are attempting suicide or successfully taking their own lives, putting it politely. It really doesn't look like you've got any bigger numbers than what we had before we were doing a royal commission. They still seem very wishy-washy.

Mr Kefford: The AIHW relies on the confirmed data. There is work going on in relation to systems to collate data around suicide ideation or attempts. For DVA, the challenge in that is that it's a significant proportion—around half of eligible veterans who are not currently engaged with us. The data that Mr Brown was referring to relates to veterans who are somehow, either historically or currently, engaged with DVA. So it is an incomplete dataset, which is why the Commonwealth funds the AIHW to provide the comprehensive data that it does on an annual basis. The reason why there is the lag in data reporting and also sometimes variations between years is that it is crosschecked as part of the AIHW process with coroners court outcomes.

CHAIR: This is your last minute, Senator Lambie.

Senator LAMBIE: Because you're so good on the figures—how many are waiting for coronial finalisation at the moment? How many cases are going through coronial inquests, and how many are waiting for the outcome? I'm asking because you're so interested in veteran suicides.

Mr Kefford: That's not data that DVA holds. I'm happy to take on—

Senator LAMBIE: Oh, I see.

Mr Kefford: Senator, if I might complete my answer. We're happy to take on notice what we might be able to find in terms of the active case load. In terms of what data is immediately in the possession of DVA, it is the reports to which Mr Brown has referred that come to us of deaths by suicide or potentially by suicide, which we do report. As the secretary outlined, for both the DVA royal commission implementation committee and the equivalent body in Defence, the first item of business in each of those bodies is to review the data, including on changes in new reports since the last meeting. So it's under very active consideration and active focus by both us and our colleagues in Defence.

CHAIR: I'll come back to you, Senator Lambie, but it will have to be after lunch. Senator Cadell, I'll come to you, then I'll go to Senator Shoebridge and then we'll break for lunch.

Senator CADELL: I want to talk about the Baird family and the funding of the VC travel. There have been different figures. There's been a \$5,000 figure, a \$2,800 figure and a \$3,000 figure. How much has been spent by the Baird family over the previous two financial years?

Ms McLaren: Ms McLaren will have some detail on that for you. There has been some confusion, I agree, in media reporting about what the amounts are. I just want to clarify that the Bairds were never actually in receipt of a VC allowance. It goes to travel entitlements. It's just been a bit confused in the media reporting. It's not about the VC allowance per se. It's about travel entitlements to support activities in the veteran community. Ms McLaren has details of that scheme and how it operates.

Ms McLaren: The total expenditure on the Bairds' travels since 2014 is \$290,819.

Senator CADELL: What was it in 2023-24?

Ms McLaren: In 2023-24 it was \$32,466, in 2024-25 it was \$29,202 and in 2025-26 it was \$13,552.

Senator CADELL: Is all of that in reimbursement, or is some of that in administration? What is the break-up of that funding?

Ms McLaren: There are no reimbursements. The department books and pays for the travel.

Senator CADELL: There are no departmental expenses built into that?

Ms McLaren: There are no departmental expenses. That is pure travel cost.

Senator CADELL: So it's like when I use PEMS.

Ms McLaren: I assume when you book your travel, it's paid.

Senator CADELL: What's the approval process for that? What has it been historically?

Ms McLaren: The approval process is that Mr Baird contacts a member of my team with the invitation of what he wishes to attend and a determination is made whether it is a commemorative event broadly consistent with—

Senator CADELL: So there's an approval process. It's not just 'do what you want'. There is a check box before the travel.

Ms McLaren: There is an approval process.

Senator CADELL: There was some conjecture prior—I think the shadow minister for veterans affairs wrote to you in November last year asking you to review the decision. I have a quote from the answer: 'I've given great consideration to this matter. In accordance with the secretary of the DVA's advice, there is no legislative policy, guideline or basis for DVA to fund such travel for him and his wife.' That was the answer back in November. That's now changed. What way are we justifying it now?

Ms McLaren: It has always been that it is not covered under the VC travel policy. In considering the legislative authority and outcome 3 appropriation, a beneficial interpretation may be applied, given the link by commemorative activity. Such consideration can only be given on a case-by-case basis.

Senator CADELL: Is there a timeframe for renewal or review of this year by year? It's been out and it's back in. Is there another review time where this will be done, or is it a choice of government or the department?

Ms McLaren: In terms of Mr Baird?

Senator CADELL: Yes.

Ms McLaren: The minister has commissioned a review into VC entitlements.

Senator CADELL: Overall, but this one has been given the go-ahead again already, hasn't it?

Ms McLaren: Yes, that is my understanding.

Ms Frame: This one has been grandfathered and will continue. The minister has said it will continue. I need to check the exact wording of the minister's statement; Ms McLaren might have it. I think it said the review will be undertaken, and this will continue and would be then considered along with the recommendations of the review guidelines that Mr Ray Griggs is conducting.

Senator CADELL: With that review, is there a terms of reference yet? Who will conduct it? Is there a timeframe?

Ms McLaren: We're currently working through the terms of reference. As the minister announced, the review will be conducted by Mr Ray Griggs, who is eminently qualified to undertake a review of this. We anticipate Mr Griggs will commence in the next couple of weeks. We're going through the procurement process. The terms of reference will be part of that, and the timeframe—I can't imagine it being a super-long review.

Senator CADELL: I am told—and I'm always happy to be wrong here—that a removal of this booking process was proposed earlier and was changed due to internal quiet advocacy. Is that true?

Ms McLaren: The arrangement for the Bairds has been renewed on a number of occasions. It was initially implemented in 2014 for two years. Various ministers over a long period of time have renewed and amended that arrangement.

Senator CADELL: This was fundamentally ruled out, and then, after the public outcry, the minister made a new decision on this—this is my understanding—under the link-by-commemorative-activity budget.

Ms McLaren: Yes—under outcome 3.

Senator CADELL: Was there a previous time where advice was given to the family that this wasn't going to continue, prior to this outcome?

Ms McLaren: Yes. There has been advice. The secretary wrote to Mr Baird last year prior to the election, advising—

Ms Frame: I'm happy to table that letter; I have it here. It was in the caretaker period last year. I will provide that for the information of the committee.

Senator CADELL: In the caretaker period?

Ms Frame: Yes, it was—

Senator CADELL: So the shadow and the—both signed the letter?

Ms McLaren: Yes. The letter will be tabled. It was notification of the intent to recommend to the incoming minister at the time—it being caretaker, we didn't know who the minister would be—to cease the travel arrangements. Mr and Mrs Baird were provided with notice of the minister's decision to cease travel funding in a letter dated 25 August 2025.

Senator CADELL: Signed by the shadow and the—

Ms Frame: Just to clarify—this is my clarification: the letter I wrote was to Mr Baird directly.

Senator CADELL: Thank you for that. So you've made the determination, the minister's endorsed it, there's been a public outcry and it's been changed by ministerial decision again; is that right?

Ms Frame: No. My letter makes clear that I do not make the determination. It is a matter for the minister.

Senator CADELL: But you've recommended it.

Ms Frame: It suggests to Mr Baird that, in an effort to ensure consistent arrangements—that is the primary consideration for me as secretary: what is delivering the most consistent support? I indicated the advice I would provide to whomever was the minister after the election, noting it was a matter for the minister.

Senator CADELL: Understood. Was this the only time he was written to or advised of a similar situation in the last five or six years?

Ms Frame: Certainly the only time since I've been secretary.

Senator CADELL: Historically?

Ms McLaren: We'll have to take that on notice.

Senator CADELL: Can we go to Invictus Games funding. Is there another letter where you recommend not to proceed with the Invictus Games?

Ms Frame: No, there's no letter.

Senator CADELL: Was that a decision of government or was that a departmental thing again?

Ms McLaren: That was a decision of government.

Senator CADELL: Invictus Australia's CEO stated that the organisation learned of the decision only hours before the budget was announced. Minister, does that give an organisation such as Invictus the respect it deserves for what it does? Eighty per cent of its income comes from government grants, and there were different things being heard between a live interview and an email to their organisation just hours before. Is that good communication?

Senator McAllister: Senator, the budget process, as you know, under all governments, is a confidential process, and it's not at all uncommon for budget measures to be released on budget night. That's the ordinary process. It is courteous, of course, to contact directly any organisation that's very directly impacted by a budget decision. I'm not aware of the arrangements that were put in place on this particular occasion. You'll be aware that we are in the process of moving towards a different organisational arrangement for putting in place support for veterans in the general community through the veteran and family wellbeing agency, and you'll know that, in the transition to those arrangements, we contemplate providing support for a range of existing organisations that, to date, have been funded in a more piecemeal way. I think it's Ms McLaren who can talk you through how we're approaching it.

Ms McLaren: Invictus initially received funding of \$11.17 million in the 2022-23 budget. That was a three-year funding program that was extended by a further 12 months last year, with the end date of 30 June this year. To ensure the continuity of the support for the veteran community Invictus Australia provides, on 28 May the government announced a further funding commitment of \$9.9 million over three years. That will continue to allow participation in community sporting and adaptive sports programs and encourage community engagement, wellbeing and the mental health of veterans.

Senator CADELL: Three years from this financial year, from 2026-27?

Ms McLaren: Correct.

Senator CADELL: Just to cut back in how much it is. It was \$11.17 million for three years in 2022-23 and 9.9 for three years now.

Ms McLaren: Last year it was 3.085 million. Sorry—that 11.17 included the \$3 million last year, so that was 11.172 over four years. The funding has gone up every year.

Senator CADELL: So that takes us up to Birmingham 2027 or—

Ms McLaren: That'll take to 2029.

Senator CADELL: Is there any money there for the bid we've got for 2031?

Ms McLaren: Not in that funding.

Senator CADELL: They've got to they've got to highlight if they want to allocate some of that funding to their bid development themselves. Is that correct?

Ms McLaren: We're still working through the requirements of the funding agreement for the next three years. I'm certain that conversations around that bid will form part of those conversations.

Senator CADELL: It wasn't in the budget, but subsequently the announcement of the 9.9 came. Was it in the original budget? It wasn't in the original budget, that funding, was it?

Senator McAllister: I've given you the information I have, which is that, in the process of moving towards standing up the veteran and family wellbeing agency, we expect that Invictus will have its funding needs broadly continued, within broad parameters, as Ms McLaren has laid out.

Senator CADELL: My concern is twofold. It wasn't a budget line item; it wasn't included in the budget. There was a subsequent announcement a couple weeks later that the 9.9 is there. There was a bit of an outcry from the veteran community because, given that on 15 April the minister stated:

Invictus is part of the broader veteran support system we're actively strengthening to better support veterans and families of veterans—especially through transition.

It is not there in the budget. There is an outcry on that, and suddenly there's \$9.9 million allocated. I don't know where it fits in the budget papers. I'd like you to point that out, if it is there.

Ms Frame: Certainly. It's not there, because, as we've explained, it was a terminating measure. It was a grant that expired on 30 June this year.

Senator CADELL: So why not put it in the budget?

Ms Frame: There was a decision of the government that it was not in the budget papers because, as the minister's outlined, there was money allocated for the veteran wellbeing agency, and we were going to work with a whole range of providers around how that money would be used to support adaptive sports, a whole range of activities. Since the budget, though, the minister has announced that there would be a proportion of that money specifically allocated to the Invictus Games.

Senator CADELL: With these two decisions, where the government, or others, have decided to cut—one from a VC family, one from the Invictus Games—and, when there's public outcry about both, they've suddenly both changed, I just find this very reactive and not a good policy forward motion. I think, if you're going to fund both of those things, it should have been included from the get-go, but I understand government's decisions.

CHAIR: Thanks, Senator Cadell.

Ms Frame: Chair, we have some more material in response to some other questions that senators raised earlier about the measure.

Senator SHOEBRIDGE: I was just about to ask.

CHAIR: Okay. Do you want to do that now? I'm mindful that Senator Shoebridge has about 10 minutes, and then we'll break for lunch, so do you want to just do that now, please?

Ms Frame: I'll get Mr Brown to the table as well to assist. I just want to convey to the committee that they would be aware there are longstanding conventions about the level of detail that can be provided about inputs to cabinet around decisions that governments make on budget measures. We have, however, considered what additional details we can provide about the measure and the assumptions that underlie the measure, which have been the subject of some questions this morning. Mr Brown and maybe Mr Kefford have some detail on that.

Senator SHOEBRIDGE: Provided we get an answer—this is explaining the \$748 million? Is that right?

CHAIR: Well, let's just let the witness provide what they need to provide first. Mr Brown.

Mr Brown: The \$748 million is independent of the \$169 million for the fee increase, so there's not an additional save on top of the \$748 million.

Senator SHOEBRIDGE: But you were, I think, going to explain to us how you got the estimate of \$748 million in savings over three years from veterans' entitlements.

CHAIR: Can we just let the department answer what the secretary wants, and then we can start asking questions. Secretary, please get your department to provide whatever information you can provide the committee.

Ms Frame: Thank you. Mr Brown has some additional details we would like to share with the committee.

CHAIR: Okay. Mr Brown, please.

Mr Brown: The starting point—and this also goes to questions that Senator Scarr asked earlier—is the treatment card population of 300,000 veterans per annum. It obviously fluctuates from year to year but is, roughly speaking, 300,000. Out of those 300,000, we have a subset of veterans who are actively engaged in allied health treatment.

Out of all of those veterans—sorry, veteran card holders, I should say, because there are some dependants who are veteran card holders—

Senator SHOEBRIDGE: Sorry, Mr Brown. How many are engaged in allied health care?

Mr Brown: About 110,000 cardholders. The average allied health expenditure amongst that group of users of allied health is around \$3½ thousand per annum. The median is around, in broad numbers, \$1,900 per annum. The modelling looks at those who are potentially affected by looking at the historic card usage and at those cardholders who receive allied health services above \$5,000 per annum. I've outlined that, roughly speaking, in the 2024-25 financial year that was about 25,000 veterans. Looking at the average usage amongst those veterans, it's closer to \$9,700 per annum as an average. The median is \$8,100. I'm giving the medians because that shows that the average can be skewed by the higher-end users. We have around 8,500—roughly speaking, again—cardholders who received between \$10,000 and \$65,000 worth of allied health services per annum. There are assumptions applied in the model about allied health expenditure growth. Looking at our historical expenditure, there's about a 15 per cent growth per year in allied health expenditure, so that is layered over the top of the analysis of that historical card usage.

Senator CADELL: Is that in numbers or dollars?

Mr Brown: Fifteen per cent in dollars.

Mr Kefford: It would be about 1.5 in population.

Mr Brown: The model has a complex interaction between that historical analysis of allied health card users and then estimates in terms of growth—the number of card users into the future and the growth in expenditure for those card users. To Senator Scarr's point before, it's not quite a case of 25,000 times \$10,000 in savings. There are complex interactions in terms of estimates of the number of cardholders into the future and the growth in expenditure as well.

Senator SHOEBRIDGE: Mr Brown, all you've done is explain the current situation. You've done it with more granularity, and I appreciate that. But the key question is: what are the assumptions? What's the impact going to be on the current cohort? How do you get from the situation you've just described, which is the status quo, to saving three-quarters of a billion dollars over three years? How much of these entitlements are you anticipating will be removed? There must be bucketloads of them to get to three-quarters of a billion dollars.

Mr Kefford: We've highlighted before the extent to which we consider there is at least ineffective treatment if not overservicing. For example, in relation to podiatry, the top five per cent of providers account for 38 per cent of the expenditure.

Senator SHOEBRIDGE: What I would do in response to that, instead of going after 110,000 veterans, is go after two dozen podiatrists. But you, the government, have chosen to go after 110,000 veterans. That's the problem. If you've got a problem with podiatrists overcharging, go after the podiatrists. Don't go after 110,000 veterans who rely upon allied health services.

Ms Frame: Senator, can I just clarify again—we have explained this to the committee this morning—that the vast majority of veterans will benefit from this measure in terms of easier access to their allied health services and will not be affected even by consideration at the limit—

Senator SHOEBRIDGE: Until they need it.

Ms Frame: You keep saying 'go after', and I wanted to be clear that the vast majority of veterans will benefit from a better system to support their allied health use.

Senator SHOEBRIDGE: It would be my hope that the vast majority of veterans don't need to see a psychologist, don't need to go to a physiotherapist—that they can get on with life in full fitness. The veterans you should be most concerned about are the ones who desperately need help, the ones who, instead of being able to see a psychologist once every two weeks, which you probably couldn't afford with a \$5,000 cap—the ones you most want to be able to provide urgent help for are ones who perhaps need to see their psychologist every week. They might actually need a whole bunch of additional support because they're going through a really, really tough time as a result of injuries and trauma they received during their service. And they're the ones you're targeting. They're the ones you're putting in a bunch of new hoops for, and you can't even tell us what the hoops are. We're now getting some sense that, actually, of the 110,000 veterans receiving allied health care, about a quarter are over the \$5,000 cap already. They're the ones I'm concerned about. What's going to happen to them? What are you predicting is going to happen to them, Mr Brown?

Mr Brown: We've outlined that, where that clinical need for additional allied health services is present, they will be provided.

Senator SHOEBRIDGE: But you haven't indicated what the test is. Is it simply clinical need? That's just going to your GP, and that's the thing you say is not working. That's the thing you're getting rid of—going to your GP and getting a referral. I assume you're not just going to go back to the future and say, 'If you get a treatment plan from your GP, we'll pay it,' because that's the current system. You're obviously making it much more difficult than that. What are you doing?

Mr Brown: I can only reiterate what we've already told you. The measure commences on 1 July 2027 to allow for consultation with the community. I can speculate about what the process might look like, but I don't want to ahead of that consultation.

Senator SHOEBRIDGE: Tell me how many veterans you think—the government predicts—are going to have their benefits reduced as a result of these changes. You must have something that gives you a \$748 million saving. I say again: you talk about clinical need. The current system is that you go to your GP, you get a referral, and you can have 12 treatments. That's clinical need, right? You're obviously not just going to reinstate that. It's much, much more difficult to save three-quarters of a billion dollars. What are you doing?

Ms Frame: Can I also say that—and I have stressed this this morning as well—there will be some change in provider behaviour that will also contribute to those savings figures. When senators have encouraged us to go after the providers, we have highlighted this morning this measure will do that. They will also change their billing behaviours, and I'm sure there will be some impact on the way they approach DVA because of the measure and the assurance that they will need to provide about effective treatment for veterans.

Senator SHOEBRIDGE: I reckon this whole committee would have been on board with you if you'd come and said: 'Do you know what? We're going through a consultation process. We're crunching the data. We're finding out which providers are potentially exploiting the system, and we're going to target those providers. We're going to do everything we possibly can to prevent funds leaking out to providers who are overservicing, and, when we find them, we're going to put a black mark on them and they're never going to get access to DVA again.' I reckon there would be 100 per cent support, but you've done the exact opposite. You're actually targeting the veterans, and you're putting these hoops and these barriers to prevent the veterans getting the service. Every time you do that, what I hear and what anyone who talks to veterans hears is that it's a disaster for veterans. We spoke earlier about the incredible delays already in getting basic treatment expenses. They're getting worse, not better, and you're going to put more veterans through that kind of system. And, finally, they expect some answers—

Senator McAllister: Is there a question?

Senator SHOEBRIDGE: In terms of the process, again, you've gone and taken it on notice. You can't even tell us how many veterans you expect to have their benefits cut. Is that right? You went. You considered it. You can't even tell us how many veterans are going to get their benefits cut.

Mr Brown: We've been very upfront that, based on historical data, there are 25,000 cardholders going over the \$5,000 threshold in 2024-25. There are forecasts, and I can take it on notice to come back with the forecasts in terms of the number of cardholders affected in the model in those estimates.

CHAIR: Alright. On that note, we're now going to break for lunch. Thanks everyone.

Proceedings suspended from 13:12 to 14:14

CHAIR: Welcome back, everyone. I hope you had a good lunch break. I'm going to hand over to Senator Hanson.

Senator HANSON: Before we went to lunch, we were talking about the health care of veterans, and I'd like to follow on from that. I'm going to read out a letter that I received from a former member of Defence. He said: 'Pauline, I'm writing as a veteran regarding a mate I served with in the Australian Army. He is a veteran on a DVA gold card pension. He suffers from PTSD and other serious mental health conditions and has a history of suicide attempts. Over the past three weeks he has been deteriorating significantly. After a lot of conversation, I convinced him to make the four-hour drive to Brisbane to seek help and admit himself for mental health support. He presented to the emergency department at Greenslopes hospital and was told there were no beds available and nothing could be done. When he called me distressed and with nowhere to go, I advised him to remain in the hospital foyer. On advice from the CEO of the veterans' organisation, I then had to call triple zero so an ambulance could attend to a veteran sitting in a hospital waiting area because there were no mental health beds available. The ambulance transported him to Belmont hospital where again he was told there were no beds. He was then taken to the PA Hospital only to be told the same thing. This is a veteran actively seeking help, a veteran with known mental health conditions, a veteran with prior suicide attempts, and the system has effectively told him there is nowhere for him to go. We have spent millions of dollars on a royal commission into veteran suicide. We constantly speak about supporting our veterans. Yet, when a veteran finally puts his hand up and asks for help, there is no bed available.'

The hard truth is this: we are losing more veterans to suicide at home during peacetime than we have lost in many of our overseas conflicts. That should shame every level of government. What is the point of awareness campaigns and inquiries if the frontline services cannot absorb the people they are designed to protect? I have spoken with the Minister for Veterans' Affairs office today. They were respectful, listened and have taken details to follow up. But this issue is bigger than one office. This is about capacity. This is about accountability, and this is about whether we as a country actually mean what we say when we claim to support our veterans. I'm asking you to raise this publicly. Veterans who are suicidal should not be turned away from multiple hospitals in our capital city. How many more need to fall through the cracks before something changes?'

If that's been referred to the minister's office, you must be aware of that letter and what happened to this veteran. Have you got answers for this?

Ms Frame: I was not aware of that particular instance until you read that to me, but I am aware of our responses we have available within the department now for veterans who are experiencing acute distress. There is our crisis response from Open Arms, which is available 24/7, and we also have the ability to try and secure beds in hospitals through our public and private hospital agreements that we have across the nation. You're obviously referring to an instance that I'm not going to dispute, and it's sad to hear, about someone not being able to access a bed when they needed it.

Senator HANSON: They went to three hospitals. Where are the veterans supposed to go? An ambulance took them around to three hospitals. Please tell me now where I can advise them to go if they're in this situation. You said you've got agreements with hospitals.

Ms Frame: We do.

Senator HANSON: Which hospitals in Brisbane?

Ms Frame: We can get you that information.

Mr Kefford: Our advice generally, when a veteran's experiencing a mental health crisis along the lines that you've described, is that calling triple zero is the appropriate response for an emergency case. As the secretary has alluded to, there is a service through Open Arms. It is 24/7, but that's not an emergency crisis response. Right across the country that responsibility sits principally with the state and territory hospitals. We do have contracts with around 280 private hospitals around the country. We can take on notice the particular ones, but they too are not necessarily equipped to deal with mental health crises. The response of calling triple zero for someone experiencing that sort of acute crisis is exactly what we would advise veterans, or people supporting veterans, to do.

Senator HANSON: Yes, he did. He called triple zero. He got the ambulance. He took them to another two hospitals. There was still no admission. It was only through Wounded Heroes that they actually got someone to go and pick him up, and they had to find accommodation and a place for him to go. You've failed. Your department has failed. That's how I see this. Wounded Heroes gets no funding from the Australian government whatsoever. They've applied for it. They get no assistance, no help, that I'm aware of. And they do more work to help the veterans than what your departments do. You may tell me that you've got 280 hospitals around the country that have got beds and that you've got agreements with them. That's failed. Three hospitals in Brisbane failed to help this person. You say they ring triple zero. He rang triple zero—no response; nothing whatsoever. As they say—and I've been hearing this for the last 30 years—our veterans are falling through the cracks.

I'll ask you what you've done recently with this \$5,000 cap. I want to go to that decision to cap veteran card holders' allied health expenses at \$5,000 a year. What was the previous cap on allied health expenses for veteran card holders?

Mr Kefford: We've covered this in some detail, but, up until the announcement, there had not been a cap. But we have also covered in some detail this morning the capacity that is part of the measure that has been announced for veterans who are in need of additional allied health support to receive additional entitlements beyond the \$5,000 threshold. But the point of the threshold is to ensure that the allied health treatments that are being provided are effective and supporting the veteran with their particular needs.

Senator HANSON: My understanding is that there was no cap before, and you're saying there is a cap now. So you're putting a cap on it because you want to save money. You want to save the taxpayers money. These people have really put their life on the line, but you're saying you want to put a cap on it now—when they've put their life on the line?

Mr Kefford: There are two observations I'd make. One is that this measure doesn't commence until July next year, 2027. And there will be consultation around the arrangements, particularly how veterans who have complex cases and higher needs will be able to access the support that they need. The point of doing this, though, is to ensure that the services that are being provided are actually effective and supporting the veterans appropriately.

Senator HANSON: Is it a per-discipline cap or a single aggregate cap across all allied health services?

Mr Brown: All allied health services.

Senator HANSON: Again—all of them?

Mr Brown: Sorry, I will clarify that. Optometry, audiology and dental are excluded from the \$5,000 cap. I'd also make the point that services provided under Open Arms counselling services do not count towards the cap.

Can I add to an answer that Mr Kefford just gave you a moment ago? He's a hundred per cent correct that we don't currently have a cap on allied health services, but—again, as we've explained this morning as part of this hearing—we currently have what's known as the GP treatment cycle, where a veteran can only get up to 12 allied health sessions under an allied health treatment plan before having to go back to a general practitioner for a review of the plan, and then up to another 12 sessions.

Mr Kefford: I'd further add that the other component of the measure that was announced in the budget is additional funding for allied health provider fees, with the intention of increasing the number of providers who are willing to provide services to veterans.

Senator HANSON: Will totally and permanently incapacitated gold card holders with multiple accepted conditions be exempt from an aggregate cap, consistent with existing exemptions for physiotherapy and exercise physiology?

Mr Brown: No. We will have a separate process which—again, as we've outlined this morning—will be subject to consultation over the next 12 months, where the focus will turn to clinical need for allied health services over and above the \$5,000 cap. Under the \$5,000, there's flexibility to access the allied health services that the veteran chooses, but, over \$5,000, there will need to be a process to establish clinical need. Many of the people that you're referring to may indeed qualify under that process, once it has been designed as part of that consultation process.

Senator HANSON: What objective criteria will DVA use to determine when funding above \$5,000 will be approved, and how will veterans be informed of their eligibility?

Mr Kefford: Part of the announcement is that there will be consultation with providers and veterans about the circumstances in which we will make those decisions. The focus will be on, as Mr Brown's identified, clinical need and the efficacy of the treatment that's being provided. The consultation process that has been announced will involve both presentations from us and an opportunity for individuals and organisations to make submissions about what those thresholds might reasonably be. Once that process has concluded and the government has confirmed the arrangements, then we will undertake information communication with veterans so that they all understand their entitlements under the new arrangements.

Senator HANSON: What was the mindset behind it? Why? You never had a cap before. Now you've put a cap on it. What was the mindset that you put a cap on it for the veterans?

Mr Kefford: As we've said, the primary focus of this measure is to ensure that the treatments that are being funded by DVA are effective and actually contributing to veteran wellbeing. There is a component of that which is about addressing what we have observed and would characterise as overservicing by certain providers, but the overarching focus here is to ensure that the expenditure on allied health is being directed in a way that is effective and clinically appropriate.

Senator HANSON: Wouldn't that really be up to your department, then? If you feel this is overservicing, why don't you deal with the ones that are overservicing rather than denying the ones that truly need that assistance and help, capping these veterans at \$5,000 a year?

Mr Kefford: The integrity-by-design component is an element of the measure, but, at the end of the day, even where there is not a suggestion of overservicing, it's still appropriate that we ensure that the level of allied health—

Senator HANSON: But you just said there was overservicing. You just said in your statements that there was overservicing.

Mr Kefford: I did, but I was also saying that, even where there is not overservicing, it's still appropriate to ensure that the allied health services that are being provided are clinically appropriate and effective in assisting veteran wellbeing.

Senator HANSON: I wish we had that same mindset across NDIS.

Senator McAllister: It is perhaps worth observing, because I know you are interested in the NDIS, that, in every one of the markets where we set up an arrangement where private providers provide services to our citizens, we need to design that market in a way that makes sure that market providers continue to focus on the wellbeing of the client, not simply the wellbeing of their own interests or their own balance sheet. We know that, in most of these

service systems, nearly all of the people providing services do a really good job and do it with a lot of integrity, but we do see service providers who do not always act in the best interests of clients. We need to do things to deal with that. Sometimes, that means building an enforcement capability, and the MYEFO contains significant investments to stand up an enforcement capability within DVA. But it also requires us to look at the way that we procure and authorise the provision of service, because we want people to provide services that are actually good for veterans, not just good for the service provider.

Senator HANSON: Minister, I first got to know the Vietnam vets many, many years ago. I got to speak with them. I was never involved with them prior to becoming a member of parliament. I've seen the distress and the PTSD and everything that they've gone through over the years—through wars that they've been a part of. They put their lives out there to protect this country and defend our nation. When I did a four-day tour through Queensland, these were mainly the questions that they came up to me with. They were terrified at the fact they're losing and being capped at \$5,000. A lot of these people never get over what they've been through, and this government has actually capped them without really understanding their issues and what they're going through. I'm sorry, I can't agree with what you've done here.

I think these people should be looked after. They need that. It shouldn't be capped, and they shouldn't have to go through the stress of this, especially when, as I opened up, you cannot provide a hospital bed for them. You can't even tell me—it was three hospitals in Brisbane that this poor man was taken to, and it was all night. All night, he was travelling around, and it wasn't until 7 o'clock the next morning that he was attended to. All night this went on. Tell me now one hospital that these veterans can go to if they ring triple zero where they will be given a bed in Brisbane, Queensland. Tell me one hospital.

Mr Kefford: As I've said, the provision of those emergency services and support to anyone experiencing a mental health crisis is a matter that is delivered by the states. DVA has no service delivery capacity in that regard.

Senator HANSON: You just told me you had about 280 beds—around that—and that you had an agreement with these hospitals to provide beds for them. Now you're saying you don't have it. You have a duty of care to these veterans. If this man couldn't call his friend, he was going to commit suicide. Do you understand that? It's only because his friend got someone else to go to the hospital and sit with him. Tell me where they can go. Don't tell me 'ring triple zero and run around the bloody country in an ambulance and still get denied a bed'. Tell me where they can go. Give me one place, and I'll tell them when they ring up my office wanting some assistance.

Mr Kefford: There are two options that exist. One is the Open Arms 24-hour line. Open Arms is able to help make those connections. But, as has been my evidence, at the point there is a mental health crisis, the appropriate advice for anyone to give is for someone to ring triple zero and engage with the appropriate state emergency services, mental health crisis teams and so on.

Senator HANSON: I'll leave it at that. What a pathetic answer. He rang triple zero and still got no assistance.

CHAIR: Senator Scarr, I'll come to you.

Senator SCARR: I want to first ask some questions to the chief medical officer if she's there. Thank you for your evidence earlier today. Probably unsurprisingly, given the discussion we've been having in relation to access to medicinal cannabis, I've received some communication from a number of veterans. Without going into the particulars of their cases, I want to make sure you're aware of the issues that they're facing with respect to grandfathering.

Dr Davis: Certainly.

Senator SCARR: One veteran referred to a lot of confusion amongst service providers, including their service provider. 'While grandfathering absolutely does exist in consultation with your doctor, what that actually means is that I'm forced to pick three of five medicinal cannabis products'—that's what this veteran's saying. Presumably, what they're saying is their doctor is transitioning them onto the new regime now even though they're grandfathered, under the existing regime, for six months. Are you aware of that occurring?

Dr Davis: I'm assuming that this is somebody who was on a very high number of products.

Senator SCARR: Correct. They were on five products.

Dr Davis: Our new framework, as we've previously stated, does have a maximum of three products, and the reason for that is we do know there are safety concerns associated with very high numbers of products.

Senator SCARR: But this is the point I'm making here. I asked a question earlier in relation to the effect of grandfathering, and we determined it only applies with respect to people who are currently receiving these products and taking these prescriptions. But, during this grandfathering period, it appears that medical providers are transitioning their patients to the new regime. Were you aware of that?

Dr Davis: Yes. That is the expectation we would have because we want the prescriber to work with the veteran to ensure that, when the grandfathering period ends, they are under a new prescribing framework.

Senator SCARR: This is occurring during the grandfathering period.

Dr Davis: Yes. I suppose there are two ways—as a doctor, what I would do is, if I'm moving someone into a new treatment regime, I would not cut off their treatment on day 1 and put them on a new treatment on day 2. I would use a time period to transition them between different kinds of treatments, which is exactly what we expect prescribers to do. I'm really pleased to hear that some prescribers are working with their patients to do that.

Senator SCARR: Is there any flex in this? I'm reading this from a veteran who's saying they're being forced to give up one product that they found incredibly useful. It sounds like it's a very complicated case. Is there any flex in this?

Dr Davis: I can't comment on the particular circumstance—

Senator SCARR: I understand that.

Dr Davis: Three products are still a lot of products of medicinal cannabis. Let's be clear that this is a drug which does not have significant evidence of effectiveness and does have significant safety concerns. That is still three different products. DVA will still fund quite high doses of medicinal cannabis, and, like I said, our new framework is actually designed to ensure that people are not on very, very high doses, which are unsafe and which do pose a risk to their health and wellbeing.

Senator SCARR: The second point that's being raised by this veteran is that they're being forced, in their words, to travel from a regional Queensland centre to Brisbane for a face-to-face consultation, and they're querying the cost to the Australian taxpayer of them being forced to attend a face-to-face meeting in Brisbane as opposed to trying to get that support from a regional centre.

Dr Davis: Yes. Thanks for that question again, Senator. I think it's really important to remember that the face-to-face requirement is not an ongoing requirement. Every time someone sees their prescriber or gets a new prescription, they do not need to have a face-to-face appointment. The face-to-face requirement is required when someone sees a new prescriber, when they're prescribed a significant increase in dose or when it is a new patient. That is to try and ensure a better holistic assessment of the veteran to ensure that they are receiving the best treatment for their condition holistically. That is in response to the fact we know there are safety concerns associated with medication. We know that there are a number of businesses which have set up vertically integrated models. Given the doses, given the fact the rest of the treating team is often not aware of the fact that the patient is being prescribed these conditions, we are not convinced that in all cases those particular businesses have the best interests of the veteran at heart.

Senator SCARR: The last one on this topic is from another veteran who's currently on medicinal cannabis. They're particularly concerned that they're being cut back now, in line with the new guidelines. We've ascertained that, from your perspective, that should potentially be happening under the new guidelines. They've raised a concern that, because they're being cut back on medicinal cannabis, they might have to go back to opiate medication, which they'd previously been on for a chronic pain issue and were happy to be off. They might have to revert to that. How is that considered in terms of this decision making?

Dr Davis: I think this is a really important point. There does seem to be a narrative, again—which is perhaps promulgated by some of those who have a financial interest in medicinal cannabis—that medicinal cannabis is a panacea and will be all that anyone needs for chronic pain. Unfortunately, the evidence for medicinal cannabis reducing opioid dependency and use in chronic pain is very, very weak. There were some initial studies several years ago, which did show that there did seem to be a decrease in opiate use. More recent evidence has not borne that out. These are proper, published, peer reviewed studies. Like I said, the actual evidence for reducing opiate use at a population level is not strong at all.

Senator SCARR: My next line of questions is in relation to a report that appeared in the *Courier Mail* regarding a member of the Department of Veterans' Affairs—and I won't mention the name at this stage—who's been charged with wearing incorrect medals on Anzac Day. Secretary, are you aware of that?

Ms Frame: I am, Senator. I saw the article in the paper, but Mr Philp can provide you with information on it.

Mr Philp: We're aware of and familiar with the article, yes.

Senator SCARR: Is this individual who's mentioned in the article actually employed in the Department of Veterans' Affairs?

Mr Philp: No, they are not.

Senator SCARR: Had they previously been employed?

Mr Philp: They had previously, yes, but not in recent months.

Senator SCARR: When did they cease employment?

Mr Philp: By recollection, it was about January this year.

Senator SCARR: Was their cessation of employment linked to this alleged incorrect wearing of medals?

Mr Philp: We need to be careful with that, because that's going into the personal details of the person who's accused in the article.

Senator SCARR: Okay. But they're no longer employed?

Mr Philp: Correct.

Senator SCARR: Thank you. I have some other questions. They relate to some questions on notice I put in relation to provisions with medical providers and compensation for independent medical reports et cetera. Firstly, I thank the department for answering the questions I put on notice. I appreciate that. In relation to the arrangements with mlcoa, I'm receiving reports from practitioners saying there's a distinction between the compensation they're receiving for preparation of medical reports, in relation to compensation claims et cetera and what mlcoa is being paid under the contract. So what I would like to do is to try and obtain information which will address this particular issue, which I'm still receiving reports from practitioners about. As I understand it from the helpful answer to the question on notice I put, there is a schedule of contract rates with mlcoa. What is that schedule of contract rates?

Mr Kefford: Senator, you're right. There is a schedule of fees under the contract. Our general approach, as we outlined in the answer, is to pay the invoices in front of us from the treating doctors—noting that we've published guidance recently about what we think is a reasonable fee, which we covered with you last time. The IME contract does provide for, as I say, a schedule of fees. I'll have to take on notice whether that's a document we can provide. I don't have it here.

Senator SCARR: Okay. If you're not going to provide it then I don't want to—I'm just giving you some guidance in terms of where this might go to.

Mr Kefford: Sure.

Senator SCARR: The particular issue I have is that I'm receiving reports and we've got your published schedule of fees et cetera. You gave advice with respect to ranges in relation to payments to mlcoa, so you've already disclosed commercial information, which I think it's right to disclose in this context, in relation to the range of fees being paid to mlcoa. But that doesn't allow me to address the particular issue that's being raised by medical practitioners, which is that they are concerned that there's a difference between the fees which other medical providers are being paid under the schedule or are entitled to be paid under the schedule and the schedule of fees under the mlcoa contract. The only way I can properly interrogate that, even with the helpful answer provided by the department, is actually to be able to compare the schedule of fees.

Mr Kefford: I understand that, Senator. Thank you for your observations on our answer. Part of my hesitation in saying we'd like to take it on notice is that the tender for the replacement for the mlcoa arrangements is live in the market at the moment. We publish that tender on AusTender. That contract needs to be renewed by the end of this year, so I just want to make sure we don't create any issues in releasing that publicly while that process is open. What we could do, if it would assist the committee, is that we have prepared a table referring back to the 23 letters that we referred to in the answer to your question on notice. That does set out the fees that have been charged by some of those providers, which are well in excess of what's in the mlcoa contract. That's a document that we're able to table if that would assist the committee.

Senator SCARR: Okay, I'm happy for you to table that document. Before you table that, Mr Kefford, do you actually identify the provider?

Mr Kefford: No.

Senator SCARR: You don't—okay. I just want to make sure—

Mr Kefford: We've prepared it anticipating you might return to it. We'll get a copy of that put up.

Senator SCARR: Okay—if you could. Just whilst that is being given to the secretariat—I'm looking hopefully towards the secretariat—an issue which we raised during the previous supplementary estimates was this issue of 'treating doctor', and I think, Secretary, you would have heard there were questions that I asked, Senator Shoebridge asked and Senator Pocock asked, about questions being asked of doctors to try and ascertain, presumably, whether or not they're the 'treating doctor', and some concerns that had been raised by a number of medical practitioners with me and, obviously, with fellow senators, that they were being asked for a vast amount of information, which is administratively extraordinarily onerous for them to collect. Secondly, there's a related issue as to what extent

this impacts upon a veteran's right to choose a medical practitioner of their choice to provide certain services. So I'm interested in any further information you can provide, Secretary, given you've had, now, a number of months to reflect on those issues.

Ms Frame: I'm going to ask Dr Davis to lead on this as well. We have been doing more work over the last few months, conveyed at the town hall that Mr Kefford and others convened with Dr Davis and Dr Lane, our psychiatrist, maybe about a month ago. But Dr Davis can provide you the up-to-the-minute information on 'treating doctor' and how we're approaching that.

Dr Davis: I think there are a couple of things, just to put this in context. Traditionally, the majority of DVA compensation assessments were completed by the regular or treating doctor. That was the person who saw the patient and provided longitudinal and comprehensive patient care—and that is what we prefer to occur, on the basis that that links treatment for a compensable condition, and we hope that, if a veteran is pursuing compensation, they are actually receiving treatment for that condition as well.

We also know that, in recent years, the provider landscape has changed somewhat, and many veterans now have DVA compensation paperwork completed by a doctor who sees them primarily for this purpose. As I've said, DVA does prefer the treating doctor for completion of paperwork required for compensation, because it does support continuity of care and, we believe, better veteran outcomes. However, we do not want to put a barrier in front of veterans who choose to see someone who is not their treating doctor, and I would just note that—while we do have a definition for the treating doctor, which we have worked on with our GP advisory group, with the RACGP, with AMA and with ACRRM and also with the College of Psychiatrists—meeting the definition of 'treating doctor' or not meeting the definition of 'treating doctor' does not preclude another doctor doing a compensation report. I'm happy to share that definition if that's helpful.

Senator SCARR: Yes, if you could, Dr Davis—

Dr Davis: Yes, sure. And this is quite recent, because, as I've said, we've been working on it with our GP advisory group. We've worked on it with peak bodies.

As for accountability, we have developed the operational definitions of 'treating doctor' for general practitioners. The definition mirrors the MyMedicare definition, because that is what most GPs are aware of, and that is two or more face-to-face appointments at the practice in the past 24 months, or one face-to-face visit for practices in remote—that is, modified Monash 6 and 7—locations. For non-GP specialists, the definition is 'a medical practitioner who has previously provided, or is currently providing, clinical treatment of the veteran's claimed conditions'.

The secretary mentioned the town hall. At the town hall we discussed a broad definition. We have since refined that definition—

Senator SCARR: Dr Davis, were you at the supplementary estimates? I'm trying to remember. I don't think you were.

Dr Davis: No, I wasn't.

Senator SCARR: Have you read the transcript?

Dr Davis: I watched them, yes.

Senator SCARR: You watched them?

Dr Davis: Yes.

Senator SCARR: There's nothing better to watch! Senator Pocock, in particular, referred to a case where a doctor had been asked to provide medical records with respect to treatment over a number of years, and it's difficult to envisage, given the definition you've just provided, how that could possibly be relevant in terms of ascertaining whether or not someone's a treating doctor or not a treating doctor. Do you have any reflections on that piece of evidence that was given—that anecdote that was provided?

Mr Kefford: I might take that question, if that's okay. We did answer this, on notice, in relation to Senator Pocock's question. The particular request for clinical notes was not in line with our normal process. Generally, if there are circumstances of concern, what is intended to happen is that we seek advice about the nature and duration of the treating relationship. The department is not aware, and I'm not aware—other than that being an isolated example—of where a delegate asked for particular information going to clinical notes to demonstrate the longevity of the treating relationship. We've reinforced with the delegates that the appropriate question to ask goes to the nature and duration of the relationship rather than the medical content.

Senator SCARR: That was an outlier, from your perspective?

Mr Kefford: Our answer on notice was that we were not aware of that request being made other than in the particular circumstance Senator Pocock identified. We have reminded delegates of the appropriate question to ask in relation to establishing a treating relationship.

Senator SCARR: Dr Davis, you conducted the town hall meeting. Have you or the secretary received any feedback about general practitioners or other health specialists deciding that they're no longer going to provide services to veterans for reasons of cost et cetera?

Dr Davis: I received feedback following the town hall on a number of issues.

Senator SCARR: What was the feedback you received from the town hall and what actions is the department taking to respond to that feedback?

Dr Davis: I've received feedback in general. Most providers are very supportive of the medicinal cannabis changes, noting many of them were aware of that before. We received feedback from some individuals around what they perceive as the revised fee guidance, which came in in February, not being sufficient to pay for the amount of time they spend on compensation reports. We've tried, and we're continuing to try, to ensure that guidance to GPs and other doctors who provide compensation reports is much clearer on what we expect and need. There is a perception—and this is something we tried to address in the town hall—that a DVA report is complex, requires knowledge of the SAPs and requires knowledge of the legislation. That is not what we expect, and that is not what we want our providers to do. We want our providers to treat the patient. We expect a clinical report—so that is something we're trying to communicate on an ongoing basis.

Senator SCARR: Do you have any particular initiatives in that regard?

Dr Davis: We're developing guidance at the moment, which we will be confirming in our ongoing consultation with the peak medical bodies and our GP advisory group.

Senator SCARR: What's your timing on that?

Dr Davis: I wouldn't be able to give you an exact date, but it's something we're actively working on at the moment.

Senator SCARR: Can you give me a ballpark—end of the year?

Dr Davis: Before the end of the year.

Senator SCARR: Mr Kefford, I asked the department whether or not you could give me any particular feedback with respect to the anecdotes provided this morning in relation to what action the Department of Veterans' Affairs might have taken in relation to those issues. I think there was one case of a dietician, one case of a podiatrist and two veterans who were each in this \$150,000 category.

Mr Kefford: Yes, we can; thank you for taking us back to it. I will start by saying, in relation to the two providers, that the department is acting. I will be a little circumspect so as to not jeopardise the investigation and prospective investigations underway.

As we have said in evidence, including last time, there are a range of options we can apply when we identify outlier claiming behaviour. Like all agencies, it starts with education. It can be, as we did with a particular provider that was an outlier on billing for social workers—through the course of last year we were able to institute the manual payment processes to which I referred in earlier evidence. We saw, having done that, a significant decline in that provider's charging for social work services that weren't in fact being delivered. There are then options for us to, in effect, refuse to deal with providers. Where the behaviour reaches a particular threshold, we have the option to refer for investigation through the AFP, where we think the behaviour constitutes criminal activity rather than what we might describe as sharp practice, to draw the alternative.

In relation to the two individuals, it's a slightly more difficult question to answer because we would need to look at the individual transactions to see the extent to which those services have been provided appropriately and of necessity. I think that also reflects one of the design principles that we referred to this morning—the establishment of a financial threshold that is, per Mr Brown's evidence this morning, above the normal allows us to have those review points as part of the measure that was announced in the budget.

Senator SCARR: Can you take that on notice and come back to us in relation to those two individuals? Or is it too difficult?

Mr Kefford: It would be difficult to answer that without going into the personal details of the individual veterans.

Senator SCARR: I concede that. That's a lovely segue to Mr Brown, for whom I've got just one or two quick questions, perhaps, Chair, before you rotate the call.

CHAIR: Yes, sure.

Senator SCARR: Mr Brown—the owner of the model!

CHAIR: Is that a car?

Senator SCARR: Actually, Mr Brown, I googled 'median' just to remind myself what a median is, as opposed to a mean and a mode. A median has 50 per cent below and 50 per cent above—for everyone.

Mr Brown: Yes.

Senator McAllister: It's a good metric, the median.

Senator SCARR: It is.

Mr Brown: Thank you for not asking me, because I might have struggled to give you a cogent answer.

CHAIR: There's always ChatGPT.

Senator SCARR: You're being humble, Mr Brown. In the evidence you gave, you provided an average in relation to allied health expenditure for that cohort of 25,000, who are spending more than \$5,000 a year. You said the average was \$9,700 per annum, I think. Is that correct?

Mr Brown: Yes.

Senator SCARR: And the median was \$8,100?

Mr Brown: Yes.

Senator SCARR: Okay. After these reforms are introduced, what is going to be the average and the median for the cohort that's incurring above \$5,000, based on the model that you prepared?

Mr Brown: With the fee increase factored in?

Senator SCARR: With the fee increase factored in, yes.

Mr Brown: The average would be around \$11,800 for the impacted cohort.

Senator SCARR: This is the 25,000 above \$5,000?

Mr Brown: Yes. And the median would be \$9,600. I'm rounding up, but roughly.

Senator SCARR: Lastly, have we got figures for the last full year—again, I want to try and compare apples and apples—with respect to how much is being spent on allied health for a financial year pre change? And what do the estimates tell us is going to be spent on allied health by the department post change per annum? Maybe you've got a provisional figure for the year ending 30 June 2026, even though we haven't finished the year. What are we tracking towards, even if it's a range, so I can compare what you think the total figure's going to be for the year commencing 1 July 2027, when the cap comes in?

Ms Frame: We have figures for outcome 2, which includes allied health but doesn't segment other contributing programs, which are public/private hospitals and community nursing. We have those figures for outcome 2 that we can share. We would need to take on notice specific questions about allied health and other components of that.

Senator SCARR: You'd appreciate why I'm asking for some granularity, because we're having discussions about something in which there are a few moving parts. You've got the fees being paid to allied health providers going up, which I've said is a great thing. But you've also, at the same time, got the introduction of the cap. So I'm just interested in—take it on notice—whether you can provide a global figure to the extent you can, with the maximum granularity you can, given the systems, to assist the committee to understand what the change will be in the allied health care spend pre cap and then for the first year post cap.

Ms Frame: Yes, thank you. I know we have the global figure, and we can take on notice the more specific figures around allied health and other components of outcome 2. But we have those numbers for outcome 2, which includes allied health. That's about health and other services, regarding veterans expenditure, which has been increasing in the last few years. Mr Philp has those numbers for you.

Mr Philp: If it'd be useful, for outcome 2, 2024-25 was \$4.74 billion. The estimate for 2025-26 is \$5.23 billion.

Senator SCARR: And 2026-27?

Mr Philp: The 2026-27 forecast—that's a forecast—is \$5.73 billion.

Senator SCARR: And allied health is a subset of that?

Mr Philp: That's right.

CHAIR: Senator Shoebridge.

Senator SHOEBRIDGE: We may as well start where Senator Scarr left off. That's the total outcome 2 costs?

Mr Philp: That's correct.

Senator SHOEBRIDGE: Of course, this change for the cap on allied health will only kick in in 2027-28. Is that right?

Mr Philp: That's right.

Senator SHOEBRIDGE: What do the forward estimates say about that expenditure in 2027-28 and 2028-29?

Mr Philp: For outcome 2, 2027-28 is \$5.57 billion, and then \$5.4 billion in 2028-29.

Senator SHOEBRIDGE: And just remind me: 2026-27 is predicted to be?

Mr Philp: It was \$5.74 billion.

Senator SHOEBRIDGE: Did you say that had been growing at 15 per cent per annum?

Mr Philp: No, I didn't. That's not my evidence for allied health.

Mr Kefford: The 2024-25 figure was 14½ per cent, with treatment population growth of about 1.5 per cent for allied health specifically.

Senator SHOEBRIDGE: Is that just one year, or is that a consistent trend?

Mr Brown: I don't have year-on-year trends, but my understanding—and we can check this for you—is that that growth has been fairly consistent for some time now.

Senator SHOEBRIDGE: Could you give me the numbers going back five years, and then, for all of the numbers we've just discussed, can you also give it just for the allied health proportion, which I assume you have, because you've been able to budget the cuts. Can you provide those on notice.

Mr Brown: Yes.

Senator SHOEBRIDGE: Thank you. Going back to the question of the definition of a treating doctor, Dr Davis, you've said that the definition of 'treating doctor'—did you say 'treating doctor' or 'treating practitioner'?

Dr Davis: 'Treating doctor'.

Senator SHOEBRIDGE: Do you use two different terms? In the correspondence I see from DVA, some use 'treating practitioner' and some use 'treating doctor'.

Dr Davis: An allied health practitioner could also be referred to as a practitioner, but, in this specific circumstance, I'm talking about medical practitioners—so 'doctor'.

Senator SHOEBRIDGE: 'Treating doctor'. You said that that definition had been worked on—is that right?

Dr Davis: That's correct.

Senator SHOEBRIDGE: When was it settled to be, if you're a GP, someone who's had two or more consultations in the last 24 months, unless it's remote, or, if you're a practitioner, someone who's been consulted?

Dr Davis: It's only been settled within the last week.

Mr Kefford: On that point, one of the reasons why we've needed to do this work is that, as Dr Davis was explaining, the growth of entities that are set up to write reports for us is a relatively new development. Historically, this has not been an issue that we've needed to engage with; it's kind of been understood. But, particularly in the context of the integrity measures we've needed to take, it has become more topical. That's really a function of the growth of specialist providers over the last couple of years.

Senator SHOEBRIDGE: Is there somewhere on the website that has this in some prominent space? Has it been communicated clearly? I've got to tell you that, as we're hearing it here, I'm getting messages indicating that it's come as a surprise to the broader veterans community and those who are treating the community. So has it been published anywhere?

Dr Davis: Thank you for the question. We are intending to publish that as soon as possible. We do need to clarify that there is a misconception: some people have misconstrued this as meaning that, if you do not meet that definition, you cannot complete a compensation report for DVA or that a veteran cannot choose a doctor they haven't seen for treatment. That is not the case. The 'treating doctor' definition is intended to assist the delegates in weighing the accuracy and validity of the information providers, as we expect that a doctor who has seen a patient on an ongoing basis will, in general, have better knowledge of that patient.

Senator SHOEBRIDGE: That's always been the case, I think. Is there a statutory provision about that—section 328 or something comes to mind—about people having a right to choose who writes the report? But that's not a new policy, is it? That's not a new position, is it, Dr Davis? That's always been the case.

Dr Davis: I think I'll defer to my colleagues on the legislation, being their special area.

Senator SHOEBRIDGE: Mr Brown, you should just stay there.

Mr Brown: Thanks for the invite, Senator. I can't picture what section 328 is. It is in the ballpark of our claiming and investigation provisions, but I don't think there's a provision that is expressed in the way that you've put it. I would have to go and remind myself. But the provisions generally relate to the commission being able to request a medical examination for the purposes of investigating a compensation claim.

Senator SHOEBRIDGE: Has there ever been a policy whereby Veterans' Affairs have said that they will refuse to accept a report unless it's authored by a treating practitioner?

Mr Kefford: That shortcuts a range of issues around our current position. In terms of timing, this is one of the issues that were raised in preparation for the town hall meeting to which we've referred, and the CHO and others have been working on this definition in the interim. The starting point is—and this is not a new position. Our preference is that—and, again, we're talking specifically here about compensation reports, not about other aspects of the relationship—those reports and the information in those reports be provided by doctors who have knowledge of the veteran and their circumstances. It's become more necessary for us to have greater clarity around that, recognising, as Mr Brown has alluded to, there is an explicit provision that allows us to direct where information is gathered from, if necessary, to provide guidance for delegates—and, as Dr Davis has indicated, going to the veracity of what's in front of us—about what constitutes a treating relationship.

Senator SHOEBRIDGE: Mr Kefford, I'm persuaded that it would be relevant to making decisions if you knew the nature of the relationship between the veteran and the medical practitioner, however described. There's obviously a benefit to knowing the relationship, but that would feature in any report. Any report would, of necessity, say: 'I saw X. This is my relationship with X.' It may be: 'I saw X for the purpose of this report. I saw X, who had come and seen me four separate times about this issue. I've known X for five years.' Every medical report worth its salt actually identifies the relationship between the practitioner and the person who they're writing the report for.

But what we're hearing—and I'll take you to some examples of it—is that DVA is trying to disqualify reports from the outset or prevent reports being provided on the basis that they haven't got the requisite relationship with the patient. Dr Davis, I don't know if that's what you uncovered when you were going through this definition, that there was a whole lot of uncertainty inside the department about what the threshold was and what its purpose was. Was that what you discovered?

Dr Davis: I would certainly say that there's been a great benefit in clarification of that, and I think we do need to recognise that there has sometimes been a conflation of the treating doctor with other issues, but something that has been a great benefit of working on that definition and making it very clear is that we can provide that clear education to our delegates in the appropriate use of it.

Senator SHOEBRIDGE: I'll give you an example of an email that's been sent to us by a veteran, and it's from DVA. It's about the proposition to get a report. It says: 'A treating provider for compensation purposes means a practitioner with an established and ongoing treating relationship with the veteran. If you do not have an established ongoing relationship with this claimant or are unsure if your relationship suitability meets these requirements, please contact us to discuss whether completing the report is appropriate in your circumstances.' Were they the sort of unclear communications you discovered as you were doing the review, Dr Davis? It seems to me that email was wrong on a number of fronts.

Dr Davis: I can't say I've actually undertaken a discovery process. What I can say is that I think there is great benefit in having a clear definition for accountability and to ensure that we have internal and external clarity around that.

Senator SHOEBRIDGE: Is DVA still engaging in discussions with doctors to assess whether or not 'completing the report is appropriate'? Is that still going on?

Mr Kefford: The whole driver for this conversation has been not just concerns but evidence of behaviour by certain providers. That has been entities often set up, potentially commercially linked to other providers, designed to maximise their engagement with our system and the fees charged through that, rather than being focused on veteran wellbeing.

Senator SHOEBRIDGE: That may well be a useful goal, ensuring that you're getting the best possible evidence. But, when the department starts picking and choosing who can provide evidence when you're actually going to also be the decision-maker, it removes any kind of objectivity from the system. I'll give you another example.

Senator McAllister: Sorry, Senator, I think—

Senator SHOEBRIDGE: Our office has been told that once this process goes through—

Senator McAllister: before you move on, you're already effectively asked a question about current department practice that I think Mr Brown wishes to address.

Senator SHOEBRIDGE: I've been told that, once this process happens and then a veteran is insisting upon getting a report or a doctor is insisting on providing a report, the communication is coming through to the effect that they've been told the practitioner doesn't meet the threshold and, if they were going to proceed on this, that the department would compel them to get a so-called independent medical examination from mlcoa. That's the kick in the tail that's happening here as well. You would be aware that that's happening.

Mr Kefford: And that's been our evidence in other hearings. Where we have integrity concerns about what's being provided, yes, we do refer to mlcoa, and the—

Senator SHOEBRIDGE: This isn't integrity concerns. This is just if they don't meet that threshold, which we now agree is wrong.

Mr Kefford: That's part of this conversation. The document that we tabled earlier goes to the fees being charged for the reports, the nature of the relationship and the quality of what we've been getting. There have been a range of measures. And, as Dr Davis has pointed out, these are being conflated into a discussion that focuses solely on treating doctors. The treating doctor component is one part of a series of measures designed to address this behaviour that we've been increasingly concerned by.

Senator SHOEBRIDGE: Are veterans being told that—and I think this is where section 328 comes in—they cannot be compelled if they have a reasonable excuse? And is that being put to veterans in writing?

Mr Brown: I'm just confirming that is part of 328. I've had a chance now to review the wording of 328, so I was just confirming your understanding that there is a provision around—the request needs to be reasonable, yes.

Senator SHOEBRIDGE: The DVA's request has to be reasonable—

Mr Brown: Yes, to undertake medical examination.

Senator SHOEBRIDGE: Obviously, if there's an argument over whether someone's a treating practitioner—maybe the doctor hasn't provided the appointment ledger or maybe it hasn't met the subjective threshold that DVA employees have been considering—and then they're being forced into getting this so-called IME from mlcoa, are they being told they have a right to object? Are they being told they have a right to object if they think it's not reasonable? Is it in writing? Is it part of your procedures?

Mr Kefford: As part of the process, the first round of responses is to go through the process, where I suspect the emails you're quoting from are being drawn from. The first response might be—and I'll characterise it this way—'We're not convinced that there's a genuine treating relationship here. What's the evidence?' But, at the point that's either not been provided or hasn't been provided to our satisfaction or we have other concerns, there is the ability for us to refer to what is actually an independent examination through the mlcoa process.

Senator SHOEBRIDGE: I'm also being told that there have been a number of examples where the department is rejecting reports from a practitioner specialising in veteran care due to what's described as geographic disparity—that is, that the veteran lives too far from the practitioner, even if they've been referred to them as being an expert. Is this geographical disparity something that's being used to prohibit reports?

Mr Kefford: Again, without knowing the details of the email in front of you, it's a bit hard to give an answer, but we are aware of providers of concern, who are on the list that we tabled this afternoon, who see very high numbers of veterans in states where they are not present, and our concern goes to both that business model and the veracity of the information that we're being provided.

Senator SHOEBRIDGE: Can we just take a step back from what's been happening, which has been untidy—I think that would be a polite description. Can we just get a simple explanation, Dr Davis, about what the current status quo is. It's my understanding that, with the definition that's now been adopted, that helps the department work out whether or not somebody is a treating practitioner, for the purposes of what weight the department will give to the report, but it doesn't in any way prevent a report from another practitioner being given and provided for the purposes of a claim. Is that the situation?

Dr Davis: That's the intent of the 'treating doctor' definition. I'll just say a couple of things about that. I'll defer to my colleagues around the geographic disparity, but I think it needs to be taken into account that an examination done by telehealth, for example, is not necessarily going to have the same level of accuracy, particularly for a musculoskeletal complaint, as an examination done face to face.

The other thing I want to make clear is that, again, there is a misconception amongst some providers, some of whom really do have the veteran's best interests at heart and provide a lot of very valuable care, that DVA requires

a report—they're a veteran health specialist and they provide a report of great complexity, which outlines the SOPs, the legislative base and a whole range of other information that DVA does not need.

We know that comprehensive longitudinal care with a usual general practitioner leads to the best outcomes. That's across the population, not just DVA. That is why, ideally, we want individuals to have their report done by their usual treating provider, who does not need to be an expert in DVA. I'm not disputing the fact that DVA systems can be complex; however, we do not want to put that complexity onto the provider.

Senator SHOEBRIDGE: Is the concern that you're getting too much detail from doctors who know too much about the system and that's not necessary for the purposes of assessing a particular claim? Is that part of the problem? I'm trying to understand.

Dr Davis: What we require is a good clinical report. What a good clinician will do is provide us with a good clinical report. We don't need, for example, tracts of legislation being provided with the reports or detailed explanations of how this relates to SOPs.

Senator SHOEBRIDGE: We're getting multiple real-time responses from doctors who are contacting my office and saying things like: 'We had a veteran with serious mental health concerns. He has no relationship with any other doctor, apart from doctor X. A report request was issued and then rescinded because it was deemed doctor X was not the treating doctor, despite multiple instances of care, though they were done via telehealth to make it convenient for the veteran.' This is literally coming in in real time, as this discussion is happening. From what I can tell from your position now, at least under the definition that's been adopted since last week, that should not happen. Is that right?

Dr Davis: Again, the purpose of the definition is not to preclude an individual doing a report. I'll defer to my colleagues around the legislation and other integrity arrangements, but there are situations in which DVA won't accept a report, which may not be related to the treating doctor relationship.

Senator SHOEBRIDGE: Well, this said 'because there was no relationship'. When it comes to mental health care, particularly for remote and regional parts of the state, telehealth is sometimes the only way veterans can get care. Are you aware of reports of studies that have been done—in the context of prison health, for example—where mental health care provided by telehealth is actually a superior level of care than in-person care in some populations? For the department to call into question telehealth, I think, creates a potentially huge barrier for veterans in regional and remote parts of the state, where it may be the only mental health care they can get.

Dr Davis: I just want to point out that the face-to-face requirement to establish a treating doctor relationship is for GPs. For non-GP specialists, which would include psychiatrists, the definition is 'a medical practitioner who's previously provided or is currently providing clinical treatment of the veterans claimed conditions', which does not include the face-to-face requirement. Exactly as you say, we recognise the value of telehealth, particularly in a mental health context.

Senator McAllister: Senator Shoebridge, I appreciate the line of questioning you're pursuing. I wonder whether it would be helpful for officials to just talk through what problem is being addressed, because—

Senator SHOEBRIDGE: No, I've heard it from Mr Kefford—three times.

Senator McAllister: as has been indicated to you already by Dr Davis, we do see particular business models that concern us in terms of the kind of care, the level of care, that is being offered to veterans in this context.

Senator SHOEBRIDGE: I have been listening. Mr Kefford has said this three times now. He's already said this three times; I've heard him each time. And your repeating his evidence—by all means, feel free to repeat it for a fourth time.

Senator McAllister: It's just that the nature of—

Senator SHOEBRIDGE: I don't think it helps, though.

Senator McAllister: your questioning makes me wonder whether you are thinking about the kinds of policy responses that are available to governments when we see behaviour of this kind.

Senator SHOEBRIDGE: You're calling into question my questioning, because I'm raising concerns about—

Senator McAllister: I'm just asking whether it would assist you.

Senator SHOEBRIDGE: veterans' treating doctors not being able to get a report into Veterans'.

CHAIR: Alright, senators—

Senator McAllister: I'm asking whether it would assist you to have better information.

Senator SHOEBRIDGE: You have a question about my questions? Is that seriously what you're doing?

CHAIR: Senators, thank you. Let's just get back to question and answer.

Senator McAllister: I'm asking whether we can assist you.

Senator SHOEBRIDGE: Is that seriously what you're doing?

CHAIR: Senators!

Senator McAllister: I've clarified about five times.

Senator SHOEBRIDGE: Oh, okay, I hear you.

Senator McAllister: I'm asking whether we can assist you—

Senator SHOEBRIDGE: I hear plenty of others hear you too.

Senator McAllister: by providing more information about the kinds of problems we're trying to solve.

Senator SHOEBRIDGE: I hear you, and plenty of others hear you.

CHAIR: Okay, let's just get back to questions, please.

Senator McAllister: The officials are in a position to talk to you about what's actually quite a complex policy problem, and they are here at your disposal.

Senator SHOEBRIDGE: Thank you. Dr Davis, I put a fairly simple proposition to you about what the state of play is. There is so much confusion, so much uncertainty, so, if you can't answer it—given you've done the report and you've provided the proposition—perhaps somebody else can, but I'm going to try again. Is it the situation that, if somebody meets the definition of 'treating doctor' as you set out, their report will be received by DVA and considered in the context of being a treating doctor's report—it may or may not be given more weight, because getting reports from treating practitioners and doctors can be of particular assistance, given their relationship—but that in no way prevents reports from other doctors and medical practitioners being given? It's just they won't come in carrying the tag of 'treating doctor'. Is that the state of play?

Mr Kefford: Senator, it doesn't prevent—it goes to the value. But one of the other business practices that we have observed is entities inserting themselves in between the initial clinical assessment, aggregating reports that the Commonwealth has not asked for, that—as Dr Davis has given evidence on—the Commonwealth doesn't need, and then sending us bills for that work. That's part of this arrangement, where the preferred evidence for the delegates making decisions is from the clinicians who've actually seen the doctor.

Senator SHOEBRIDGE: I'm not in any way suggesting that the department should pay for incredibly detailed reports that contain a ream of information that is of no assistance to the system. By all means, put in systems that are necessary to review that. And, if they provide a 55-page report full of 45 pages of consideration of legislation which is totally irrelevant, pay them as though it's a treating doctor's report, by all means. Put in whatever systems you put in place.

The problem is it's chaos out there. Nobody knows. And the completely random responses that delegates seem to be giving—making it up as they go along about what is or isn't a treating practitioner, preventing reports being done, discouraging reports, then using that as a basis to refer them off to the department's preferred IMA—are destroying trust out there at a large scale. So what I would urge is, if this policy has been adopted, put it on the website today. Put it in highlights. Make it flash. Make it clear so everybody knows.

Mr Kefford: Without traversing ground we've covered, this issue was raised at the town hall. The CHO and others have been working to reach this point. And, yes, it will be published. One of the things that we are seeing and one of the reasons why we want to be clear and, as you say, put it in flashing lights and use words of one syllable is that the issue and the definition around 'treating practitioner' and 'treating doctor' is being conflated by entities and providers who are subject to other integrity measures to create the sort of confusion which you are describing.

Senator SHOEBRIDGE: Mr Kefford, put out the rules, make them clear, apply them consistently, adopt them from a value-for-money and veterans' care perspective, and put them on the website tonight. That's what I would urge you to do, because the current state is a complete mess. But maybe we'll get there. I have some questions about the dashboard and the unallocated claims and increases to delays.

CHAIR: Senator, can I just go to Senator Roberts and then come back to you?

Senator SHOEBRIDGE: Yes.

CHAIR: Senator Roberts, I'll come to you, and then I'll come back to Senator Shoebridge, and then I think we might be done with DVA. Senator Scarr, have you got anything on your end, too?

Senator SCARR: Yes, vvery quickly.

CHAIR: I'll give Senator Roberts the call now.

Senator ROBERTS: Thank you for attending. I want to go over some changes to the annual monetary limit—some details that may not have been covered. I'll do my best to try and avoid questions that were going to be asked but have since been covered. If I miss out, let me know. I'm also passing on a lot of complaints and questions from veterans as well as doctors. Doctors are appalled and resigned, yet, fundamentally, they all care. You have already confirmed that the cap is an aggregate cap across all allied health services, not per discipline. Is that correct?

Mr Kefford: No, that's not correct. It does not include optical, dental or hearing services.

Senator ROBERTS: Apart from them. Physio, physical treatment, mental health—they're all aggregate?

Mr Brown: Open Arms counselling services are also not included.

Senator ROBERTS: Does the minister accept that an aggregate cap would force complex-case veterans to ration treatment between conditions formally accepted by the Commonwealth?

Mr Kefford: Again, no. We gave evidence earlier today about the ability, particularly in complex cases, for there to be additional thresholds. The point of having the \$5,000 threshold is to ensure that treatment is effective, and there's an undertaking in the announcement for there to be consultation on the basis on which that additional funding will be provided.

Senator ROBERTS: Will the TPI gold card holders with multiple accepted conditions be exempt from any aggregate cap, consistent with existing exemptions for physiotherapy and exercise physiology?

Mr Brown: No. Exceptions to the cap will be considered on a basis of clinical need. Many of the cohort that you're referring to would potentially meet that requirement, but that will be subject to a consultation process around the design with the veteran community and provider groups.

Senator ROBERTS: So that's not designed yet?

Mr Brown: The process for veteran card holders to go above the \$5,000 annual monetary limit where there is a clinical need has not been designed yet. This measure commences on 1 July 2027, and we've got that lead-in time to do that consultation work.

Senator ROBERTS: What objective criteria will DVA use to determine when funding above \$5,000 will be approved, and how will veterans be informed of their eligibility?

Mr Kefford: The focus, as we've said, will be on clinical need and effectiveness of the treatment, and the announced consultation process, once it has been concluded and the arrangements have been confirmed, will be communicated to veterans so they can understand the operation of the new arrangements.

Senator ROBERTS: How will they be communicated?

Mr Kefford: In our usual mechanisms.

Senator ROBERTS: Well, that's what bothers a lot of veterans.

Mr Kefford: We use our *Vetaffairs* newspaper, our social media and other presences, as well as the formal publication of the outcomes of the consultation process, as we've done for other similar ones.

Senator ROBERTS: Do you have a collection of microservice organisations, as well as the RSL, that you can send it to?

Mr Kefford: Indeed. We would normally engage with the ex-service community as well—ex-service organisations.

Senator ROBERTS: Have you heard of W Edwards Deming?

Mr Kefford: No, sorry.

Senator ROBERTS: He was famous, globally, as a management consultant; he died at the age of 95. He said that 95 per cent of problems are not with individuals but with the system. How have you approached the design of the new policy? My point is that you've got a problem. There's some fraud going on—I accept that; wherever there's money, there are tendencies for some fraud. But the majority of doctors and the majority of veterans are honest and caring people. Has there been any thought to, rather than punishing everyone or limiting everyone, putting a severe punishment on the few miscreants?

Ms Frame: As we explained earlier this morning, the measure will benefit most veterans in terms of providing them with clearer, up-to-date insights on who they are seeing and where they are up to with their cap. They will have that on MyService, which is a facility they don't have now. They will have the benefit of more providers. We anticipate there will be more providers availing themselves of the increased rates that are also part of the measure, and we have designed the consideration around \$5,000. The policy objective of that threshold of \$5,000 is to ensure

the maximal effectiveness of the treatment that veterans are receiving. It provides a way by which we can assure the veteran that the providers who are delivering them services are accountable for genuine improvements in their condition and not just delivering services in perpetuity that aren't subject to any checks and assurances that they are affecting real improvements in veteran wellbeing.

Mr Brown: I reiterate the evidence I gave earlier today that, of those veteran cardholders who access allied health services with those veteran cards, the average amount of services they provide, based on historical data, is around \$3½ thousand per annum, so the \$5,000 cap is adequate to facilitate allied health services for the majority of veterans accessing those services through card arrangements.

Senator ROBERTS: Averages can be really misleading and deceptive. They can hide things. I'm not accusing you of hiding things, but averages—that's a fact. What percentage of—

Senator McAllister: He has the median as well. There are a number of statistical indicators. You may enjoy this.

Senator ROBERTS: They're partial indicators.

Mr Brown: We have a number of high-end users that skew that average. The median is \$1,900 without those high-end users skewing that average.

Senator ROBERTS: What percentage of veterans go over \$5,000 in a year?

Mr Brown: It fluctuates, but it's between eight and 12 per cent, so roughly one in 10 of the eligible population.

Senator ROBERTS: That's a sizeable number nonetheless. That skews. It distorts. Have you built systems—or are you still building systems—to take care of that 10 per cent's needs?

Mr Brown: That would be the process that we'll build off the back of the consultation that will occur over the next 12 months to ensure that we're meeting the clinical needs of those veteran cardholders who require an amount over the \$5,000 threshold.

Senator ROBERTS: What I've found in my career is that humans are not afraid of change. People misleadingly say that humans are afraid of change. What they're afraid of is uncertainty. Is there anything you can do to make things less uncertain for veterans who are worried?

Ms Frame: I announced in my opening statement this morning that we will be doing this consultation. We have conveyed that. We will be consulting on the mechanism, but we have also put a section on our website in the last week that responds to miscommunications, what is coming to us about the veteran community and where they have fears about how the measure will be affected. As we said, it hasn't started yet, but we are doing our best to proactively engage with that and put up-to-the-minute information that responds directly to where we see misinformation and misapprehension circulating in the veteran community to address that exact uncertainty and provide as much information as we are able to at this point in time.

Senator ROBERTS: Are you consulting with any veterans to design the communications before you release the communications? This is not meant disrespectfully. It's meant with complete respect. Your environment is different from the veterans' environment. Your language is different. Are you using veterans to guide you in the messaging? That seems to be a big problem.

Ms Frame: No, not directly with that communication as I understand it at the moment. It is based on direct feedback from veterans, so we're looking at exactly what they are saying and using their own language and terminology in our responses as much as possible.

Senator ROBERTS: So veterans will be required to apply for additional funding. What evidence will be required, and how long will approvals take? Is that still being designed?

Mr Kefford: That's the nub of the consultation, which will involve a process of both presentations from us and submissions from individuals as well as professional organisations. So that will be worked through, and it will be communicated once it's been settled.

Senator ROBERTS: Will there be regular updates and communications?

Mr Kefford: Indeed.

Senator ROBERTS: What appeal mechanisms will exist if DVA declines to fund clinically necessary care above the cap? That's still part of the process being designed, I take it.

Mr Brown: That will be considered during the design process, but it's not going to be an administrative decision made under any primary legislation. We'll consider that issue during consultation, but it's unlikely—I don't want to speculate too much—that it will be appealable through our normal administrative decision-making processes.

Senator ROBERTS: Do you have any ideas on how it will be appealable?

Mr Brown: No. I don't want to speculate further about what the process might look like ahead of a consultation period.

Mr Kefford: Mr Brown's absolutely correct. I would say two things. First of all, the intention here, as the secretary has outlined, is to ensure that allied health is clinically appropriate and effective. And the purpose of having the process that we're describing is to ensure that, particularly, those veterans who have more complex needs are properly cared for and receive the support and rehabilitation that they need.

Senator ROBERTS: What assessment has the government made of the risk that a capped funding model will further reduce provider willingness to treat veterans, given existing concerns about low DVA fee schedules? I've had a number of doctors say this is insane.

Mr Kefford: Part of the measure is, directly to that point, to actually increase allied health fees. One hundred and sixty-seven, is it, Luke?

Mr Brown: It's 169—\$170 million in round numbers.

Mr Kefford: And that's intended to encourage more providers to provide services to veterans. That's been welcomed by a number of bodies, and we tabled a letter from the physiotherapists association—that's not the proper title—this morning.

Mr Brown: For example, as part of that measure, for a face-to-face standard room consultation with a physiotherapist, our fee will increase from \$75.10 to \$110. Those fee increases apply across the board to allied health providers.

Senator ROBERTS: How does the government reconcile the introduction of a monetary ceiling with the royal commission's finding that barriers to healthcare access contribute to veteran suicide risk?

Mr Kefford: A part of the measure is to, below that threshold, actually remove the requirement for the treatment cycles that currently exist and to provide that flexibility, recognising that the threshold's been set with regard to what is normal usage, but then to have a process to ensure that necessary treatment is available and that treatment that's provided is clinically appropriate.

Senator ROBERTS: Does the government accept that veterans with numerous accepted conditions will exhaust the cap more quickly than those with a single injury, despite both having conditions recognised as service caused?

Mr Kefford: That would be the logical conclusion, and that's why we're having a process of—the \$5,000 limit is a threshold at which point there can be further decisions about clinically necessary care that needs to be provided.

Senator McAllister: I think it's worth—just in response to your last three or four questions, Senator—putting the whole measure in context. The royal commission did say that the government should take steps to improve access to health care, including by raising the charging or the provisioning for procuring allied health services. This measure does that; it raises the fees. It also seeks to remove some of the administrative hurdles for veterans by removing the treatment cycle, which will remove some of the impediments to people procuring the services that they want for their own needs. And, as Ms Frame said, it also will allow us to invest in some digital systems that will let veterans see what services they've already used and what resources might be available to them. So the context for this is actually a broad measure to improve access to allied health across the sector.

Senator ROBERTS: What safeguards exist to prevent the cap from disproportionately harming veterans with complex, chronic or degenerative conditions?

Mr Brown: Part of the measure that's been announced by the government is that, where there's a clinical need to access allied health services above the \$5,000 cap, that will be provided.

Senator ROBERTS: What transitional provisions will be put in place to ensure veterans do not experience sudden loss of access to essential treatment when the cap begins in July 2027? This is a source of pretty severe mental health pressure. Is there a transitional arrangement?

Mr Kefford: The detail of, particularly, the mechanism by which veterans will seek additional funding above that first threshold is the nub of the consultation process. I'm sure the concerns that you're raising will be aired in that context.

Senator ROBERTS: When will clear, written guidance be issued to veterans and providers explaining how the cap will operate in practice? Do you have a scheduled time or an approximate time?

Mr Kefford: The undertaking is that the consultations will commence in August. We haven't set a conclusion or detailed timeline for that yet, but certainly the intention would be to have arrangements clear and able to be communicated well in advance of 1 July.

Senator ROBERTS: Minister, we understand what you're trying to do, but I don't think the message has got out from the department, the DVA, as clearly as possible, because \$5,000 is seen by many veterans as pitifully and ridiculously small. It's an insult. How much of this is a cost-cutting exercise to get your government through the hoops with regard to the waste and hypocrisy that it's shown—

Senator McAllister: I indicated to you earlier—

Senator ROBERTS: across all budget areas.

Senator McAllister: that our goal is to ensure that veterans have access to the allied health treatment they need in a timely way, and to make sure that the services they're being provided are clinically effective. One of the consequences of creating a system where very large quantities of services are procured from the private sector by individuals is that we see the emergence of some behaviours in that market that are not in the best interests of veterans. At the worst end of it, it looks like fraud: claiming for services that were never delivered. Stepping a few clicks back from that, sometimes it looks like overservicing: making a set of recommendations for which there is no clinical evidence and from which the individual doesn't see a material benefit in their own health and wellbeing.

We judge that, given what we know about the use of these services by veterans, most veterans are using well under that \$5,000 limit. When we see veterans experiencing higher rates, we think it's appropriate for there to be a threshold to evaluate whether what's on offer to that person is genuinely going to assist them. We have every intention of ensuring people do get the healthcare services they need, and this reform is about a multipronged approach to make sure that's true, both for the people whose needs are at lower levels of intensity and for the people whose needs are at the higher level.

Senator ROBERTS: This government has developed a reputation for wasteful spending and loose spending, and people are concerned about that. It seems to me that there's a lot of work going on, but the root causes are resignation among the veterans that nothing concrete has been done, and there's so much fear. I think it's a matter of not only what you just stipulated as your desire and what your targets are but how it's being done—the process. Would you agree?

Senator McAllister: I don't agree with many of the things you said. Our government in each and every budget have found savings so that we can prioritise the things that we care about and that we know the community cares about. One of those areas of investment has in fact been in DVA, because we came to government knowing that it was significantly underprovisioned and that the lack of staff, in particular, in this organisation had led to unconscionable delays in people being able to access the services that they deserve as veterans. We've set about addressing that, and there's a lot to be proud of in the work that's been done by the many people who work in this department and the collaborative way that the veterans community has engaged in that work to make sure that we do improve the service level that's available.

Senator ROBERTS: Thank you, Minister.

CHAIR: Senator Shoebridge.

Senator SHOEBRIDGE: Where did we get to with the correspondence from the Commonwealth War Graves and the photographs?

Ms McLaren: I have the photos to share, and the request in relation to the email has been taken on notice.

Senator SHOEBRIDGE: Are these the photos that are available on the website?

Ms McLaren: They are. As you'll see, they're very grainy. There's not a lot of detail, which is one of the reasons why it's really important that the CWGC be allowed to undertake their analysis and provide additional information.

Senator SHOEBRIDGE: But you said they gave initial analysis which they emailed to you.

Ms McLaren: They provided initial information based on what those photos appear to show—additional damage.

Senator SHOEBRIDGE: What did they say?

Ms McLaren: 'These images appear to show additional damage on the south border of the cemetery, which was allegedly caused between the 5th and 16th of April.'

Senator SHOEBRIDGE: Did they agree that it's caused by bulldozers?

Ms McLaren: That information has not been provided to us. What they have said is that they are seeking clarification from Israeli authorities and from others who might have further detailed information.

Senator SHOEBRIDGE: You'd be aware that in Gaza there's only one entity that is using bulldozers, and that's the Israeli military. You'd be aware of that. You would have seen the images of their big D9 bulldozers ploughing

their way through Gaza. Are you making inquiries of Israel about why they bulldozed Commonwealth war graves? Are you asking why they bulldozed Commonwealth war graves?

Ms McLaren: As I advised this morning, the Australian government has made its position in relation to the damage to war graves very clear to the Israeli government.

Senator SHOEBRIDGE: They're bulldozing them.

Ms McLaren: We continue, through the Commonwealth War Graves Commission, who is the agent on behalf of multiple member nations who have their war graves affected here, to regularly make representations to the Israeli government.

Senator SHOEBRIDGE: Every time I ask this government about it, I'm told that the Commonwealth War Graves is the primary entity dealing with that. You have communications from the Commonwealth War Graves that you received yesterday, and, despite my request for it to be tabled today in real time, it's been taken on notice. Can you explain to me why it's been taken on notice?

Senator McAllister: It's not required, Senator. Any—

Senator SHOEBRIDGE: It is, actually.

Senator McAllister: Any official may take any matter on notice, and the standing orders are clear in that regard.

Senator SHOEBRIDGE: It actually is required. You've now had a chance to consider the request. So, again, having considered it, why are you taking it on notice?

Ms McLaren: All previous information provided by the Commonwealth War Graves Commission that I have tabled here—I have done so with the permission of the Commonwealth War Graves Commission. So I have taken it on notice because it is information from the Commonwealth War Graves Commission.

Senator SHOEBRIDGE: You said that this issue has been raised with Israel. When and in what terms?

Ms McLaren: I will seek additional information—this has only come in last night. I'll seek additional information about what is proposed for the next engagements. As I previously advised, there has been a regular engagement by the Commonwealth War Graves Commission. I also recommend that you refer other questions relating to Gaza to my colleagues at the Department of Foreign Affairs and Trade, who are responsible for all matters relating to Gaza in general.

Senator SHOEBRIDGE: You couldn't argue this is accidental or incidental. This is evidence of Israel bulldozing Commonwealth war graves and then putting the upcast from the bulldozer, tipping it over, into Commonwealth war graves. Minister, will your government directly challenge Israel for having bulldozed Commonwealth war graves in Gaza, at a cemetery that has hundreds of Australian veterans buried in it? Will you actually publicly openly challenge Israel for this desecration of Australian graves?

Senator McAllister: The damage to the Gaza War Cemetery and to the Australian war graves is deeply distressing and deeply concerning. These issues have been raised, and there are two channels. We are closely engaged, as you have been advised many times, with the Commonwealth War Graves Commission. But both DFAT and Defence officials, through our embassy, have also made representations to the Israeli government. The information that Ms McLaren provided to you this morning and now is more recent. It is, as she has indicated to you, limited in its nature. Doubtless more information and more analysis about what those images actually show will emerge. I'm not in a position to pre-empt how the Australian government would react to that analysis.

Senator SHOEBRIDGE: You say representations have been made by both Defence and DFAT. What were the representations? Were they the usual Australian ones—'We're deeply concerned, but we're not going to do anything,' or, 'We're deeply troubled, and we might write you a letter'? Were they of the usual type of concerns that the Albanese government raises with the State of Israel for their ongoing genocide and destruction like this? Is it of that type?

Senator McAllister: Senator, you can characterise our position in any way you like, and you continue to do so.

Senator SHOEBRIDGE: Well, tell me what it was.

Senator McAllister: However, you've been directed to DFAT. Our international relations are generally managed by DFAT. Of course, the Prime Minister has also publicly said that, when President Herzog was here, that allowed the opportunity to raise a range of issues, including our concerns about the destruction of Commonwealth war graves in Gaza.

Senator SHOEBRIDGE: Can you remind me, Ms McLaren, when the Commonwealth War Graves Commission said that this most recent damage was done.

Ms McLaren: They have advised that it was allegedly done in April. They were made aware yesterday. As I've previously advised, we do not have people on the ground in Gaza. It is not considered safe to have our staff there.

Senator SHOEBRIDGE: Let's get the timeframe right here. President Herzog visits Australia in February. The Prime Minister allegedly raises concerns about Israel attacking and damaging this very cemetery in February. We're not told what the nature of that conversation was, but apparently he firmly raised concerns. And then Israel, showing absolute, complete contempt for our prime minister and for our war dead, bulldozed the same cemetery just two months later—complete contempt. How do you explain that, Minister?

Senator McAllister: Well, the actions of the Israeli government are for them to explain, self-evidently. I think, as Ms McLaren has said to you, the indications that she has received and the communications from the Commonwealth War Graves Commission demonstrate simply that further damage has occurred. It is silent on the question of the mechanism by which that damage occurred.

Senator SHOEBRIDGE: No, it's not. It's got 'bulldozed track and upcast'. It was bulldozed.

Senator McAllister: As to the correspondence provided by the Commonwealth War Graves Commission to Ms McLaren, her evidence to you earlier was that it was silent on that question.

Senator SHOEBRIDGE: Ms McLaren, the documents you've just given me have two arrows on them with the words 'bulldozed track and upcast'. Am I looking at the wrong document?

Ms McLaren: No, you're looking at the correct documents, Senator. As I advised earlier, those documents have been uploaded by an organisation called Endangered Archaeology in the Middle East and North Africa. Those comments are made by them, and that's why I have said to you that this has not been analysed by the Commonwealth War Graves Commission and what is there has not yet been confirmed. Obviously, the photos are there. It's just really important that we now allow for that analysis to be taken so that the information can be provided correctly.

Senator SHOEBRIDGE: Israel had better be careful, or our prime minister will have more stern words with them. Is that right, Minister? There'll be more private stern words?

CHAIR: Do you have another question, Senator?

Senator SHOEBRIDGE: Yes, I have some questions on medicinal cannabis. I'm not sure who was dealing with medicinal cannabis.

CHAIR: The good doctor is coming.

Senator SHOEBRIDGE: Dr Davis again. Dr Davis, I'm going off the captions here, but they have you as saying in answer to questions—I think from Senator Lambie—'We want to ensure that DVA is funding medicinal cannabis in line with the best evidence around treatment effectiveness, but also safety for individual veterans.' Was that you?

Dr Davis: Yes.

Senator SHOEBRIDGE: Have you undertaken a literature review in order to inform the changes that you rolled out in February? When I say 'you', I mean Veterans' Affairs. I'm not personalising it against you.

Dr Davis: Certainly DVA did look into the literature a great deal, yes.

Senator SHOEBRIDGE: Was there a report done after the literature review was undertaken to inform the changes?

Dr Davis: As far as I'm aware, there was not a specific literature review done on behalf of DVA, but the peer reviewed literature was certainly looked at.

Senator SHOEBRIDGE: But there must have then been some assessment done, or at least some record of what literature was reviewed.

Dr Davis: There are many literature reviews existing in relation to medicinal cannabis, and, certainly, DVA undertook to review all the relevant literature as it stands. But, as far as I'm aware, there was not a targeted literature review done on behalf of DVA into this, insofar as looking at primary sources of literature.

Senator SHOEBRIDGE: Could you answer on notice what the nature of the view was, what literature was considered and, if there was a report or some kind of recommendation drafted, hopefully with some evidentiary base, provide that to us.

Dr Davis: I can certainly do that. I think we did do a submission to the TGA. I apologise, I can't remember the exact dates around that, but that did include a lot of our concerns in response to the TGA inquiry into medicinal cannabis as well.

Senator SHOEBRIDGE: If that would assist as well—if that was something you referred to in the course of it—could you provide that as well.

Mr Kefford: That was a collation prepared at the same time. The principal document that underpins the framework announced in February was the submission that was taken to the commission's meeting that endorsed the approach the department recommended.

Senator SHOEBRIDGE: Yes. You also said—I'm just summarising your evidence—that the initial review was that medicinal cannabis saw a reduction in opiates. But, as I understood your evidence, you were saying that you then had a further review, and you weren't seeing that consistently in the evidence. Did I misunderstand your evidence, Dr Davis?

Dr Davis: To clarify that, what I was referring to was not a review that I undertook or that DVA undertook. My understanding is there were some initial promising studies several years ago—these are in the broader literature—around reduction of opiate use by users of medicinal cannabis. However, those studies have not been borne out over time, and the most recent evidence is not strong in that area.

Senator SHOEBRIDGE: Again, to the extent you relied upon evidence to form that conclusion, can you provide the committee with what evidence you relied upon to form that conclusion.

Dr Davis: We can certainly provide the relevant papers.

Senator SHOEBRIDGE: But then did you do a review of the cohort of veterans? Because there is a very large population base within the Department of Veterans' Affairs. In the last full financial year, I think you said, there were 180,000 prescriptions, and that had been the better part of 100,000 the year before and tens of thousands before. Did you do a review of veterans to see what impact it had on their opiate prescriptions?

Dr Davis: No. As I also said before, I have received—we have received—some submissions with anecdotal evidence around reduction in opiate use by veterans, and some providers who have a significant financial interest and significant financial benefit from the prescription of medicinal cannabis have provided self-conducted surveys, of which I cannot verify the validity or the reproducibility, that showed anecdotal reductions in opiate use.

Senator SHOEBRIDGE: You are right to suggest you're not going to give weight to anecdotal reports drafted for the benefit of entities that have a financial interest in medicinal cannabis. You're pushing against an open door, that you wouldn't give weight to that. But, if you relied upon evidence to suggest there wasn't such a link between medicinal cannabis and opiate reductions, can you provide what evidence you did rely upon. Because it's one thing to dismiss self-interested evidence from the industry; it's another thing to actually have credible evidence that's peer reviewed.

Dr Davis: Yes, we can certainly provide those papers. I can't do that straight away, but we can provide those on notice.

Senator SHOEBRIDGE: That's okay. I don't expect them to pop out of your pockets!

Mr Kefford: I can table our submission to the TGA's process now.

Senator SHOEBRIDGE: That would be helpful. You also said that DVA is funding medicinal cannabis in line with the best evidence. What is the evidence you relied upon to come up with the much more restricted model for providing medicinal cannabis? It may well be that answering that question will be covered by the material you provide in answer to other questions, but could you provide that on notice.

Dr Davis: Yes. I think one of the things that we need to recognise with medicinal cannabis is that there are, for example, dosage caps, and there are various things around, for example, the amount of medicinal cannabis and THC specifically that will be required to lead to intoxication, but there's not a huge evidence base around randomised controlled trials specifically for the non-ARTG-listed medicinal cannabis products, which are the vast majority of those that DVA funds.

Senator SHOEBRIDGE: Are you saying it's an absence of evidence, rather than evidence to suggest that it's unhelpful?

Dr Davis: No. For example, there was a large meta-analysis which was published in *The Lancet* a couple of months ago, which looked at the evidence for medicinal cannabis use in mental health disorders, which DVA does not fund for, that found that there was very limited evidence of effectiveness in mental health disorders, and it showed that there was evidence of adverse effects. But within that report, what it also did say was that the vast majority of evidence, including in that report, was done on those products which are listed on therapeutic goods registers. The vast majority of products which are prescribed under the medicinal cannabis framework within Australia are those which contain, for example, high levels of THC, which have not been through the same rigorous safety processes for effectiveness and safety that the TGA has for products which are listed on the ARTG.

Senator SHOEBRIDGE: Perhaps we'll come back to this once we see what evidence you, or the department, relied upon to adopt this policy. But I have to tell you this: there are so many veterans who have been troubled by

this who have communicated to my office, and I'm sure other offices, that medicinal cannabis has been a lifesaver for them—reducing their opiate use and allowing them to get a degree of stability in their life that they didn't have before. They are deeply concerned about the changes. Secretary, you didn't consult with the veterans community; this was just delivered to the veterans community. There were 188,000 prescriptions last financial year. You must have had feedback to the department about veterans anxious about this.

Ms Frame: I would just say that every action the department takes in this regard, with the changes we announced to medicinal cannabis, emanate from our concern for veterans' well-being. That is where we have made these changes. You seem to be suggesting that they can't access medicinal cannabis. The access remains in place. There are just guidelines we have put in place to ensure that veterans' wellbeing is paramount in every prescription that is applied. I would also point out that, at the time we announced the changes, they were endorsed by the Royal College of Psychiatrists and the Royal College of General Practitioners, who supported the approach taken as elevating the wellbeing of veterans who are receiving medicinal cannabis, and will continue to receive medicinal cannabis, funded by the Department of Veterans' Affairs.

Senator SHOEBRIDGE: How many prescriptions for medicinal cannabis are you estimating will be funded by the department this financial year and next financial year, and what are you expecting the cost to be this financial year and next financial year? Noting that you said in 2024-25 there was \$88 million for 188,000 prescriptions, what are you predicting it will be?

Mr Kefford: I don't have the forecast for the full year, but as at 30 April there were 12,527 individuals receiving prescriptions for medicinal cannabis. That was up on the year before from 12,171. The amount we'd spent by April was \$105 million.

Senator SHOEBRIDGE: But these changes only came into effect in February—is that right?

Mr Kefford: That's right.

Senator SHOEBRIDGE: And some of them are grandfathered and won't kick in until later.

Mr Kefford: They're still working their way through the system, that's right.

Senator SHOEBRIDGE: Can you, on notice, provide what you expect it will be next financial year and perhaps even for the forward estimates so we can get a sense of what you're expecting to happen, noting that the department says it's still available. I'm assuming you're predicting a reduction as a result of these changes.

Mr Kefford: Indeed.

Senator SHOEBRIDGE: We'll get a sense of what the reduction is with those answers. My last set of questions, you'll be pleased to know, Chair, is about labour hire and external labour in the department. Who did you consult with about decisions being made about core work classifications or savings targets under the APS Strategic Commissioning Framework? Perhaps you want to talk to me about what the department's doing with its Strategic Commissioning Framework.

CHAIR: Could we maybe have a short break, come back and then continue on—

Senator SHOEBRIDGE: It's literally four minutes of questions. Then I could be finished with Veterans' Affairs.

CHAIR: If they can be quick, yes, sure.

Mr Philp: Sorry, can you ask that question again, please?

Senator SHOEBRIDGE: Who did you consult with before making changes to core work classifications or savings targets under the strategic commissioning framework?

Mr Philp: With regard to savings targets, the department had a savings target of \$10 million last year. We haven't listed a savings target for this financial year, because we largely achieved what we set out to achieve and the opportunity available left in labour hire wasn't prominent.

Senator SHOEBRIDGE: You achieved \$10 million in savings from labour hire last financial year?

Mr Philp: We achieved \$8.6 million of the \$10 million target last year.

Senator SHOEBRIDGE: But you didn't have a target for labour hire savings this year?

Mr Philp: That's right.

Senator SHOEBRIDGE: Why not?

Mr Philp: Because the opportunity left available for labour hire conversions was quite limited, and that was in compliance with discussions we'd had with the APSC.

Senator SHOEBRIDGE: Did you have any consultation with unions about the decision to not convert people from labour hire to actual staff?

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

Ms Frame: Outside of our Bupa contractors and ICT, there is very little labour hire in the department. I'm not saying there's none, but there is a very small percentage outside of the most significant cohorts, which pertains to the Bupa contractors who provide medical advice to our compensation delegates and ICT contractors. They are the big categories for labour hire.

Senator SHOEBRIDGE: I'll ask some questions—and perhaps they're best taken on notice—to get those data, and it may reflect your answer, Secretary. Can you provide the number of labour hire staff by division, location and role within the agency?

Ms Frame: We can do that.

Mr Philp: We can take that on notice. I can tell you that there are 437 labour hire and contractors within the department.

Senator SHOEBRIDGE: You're reading my mind, Mr Philp—439?

Mr Philp: No, 437.

Senator SHOEBRIDGE: They didn't just drop by two in the last two seconds, did they!

Mr Philp: I don't believe so.

Senator SHOEBRIDGE: Has the number of labour hire staff increased, stayed the same or dropped?

Mr Philp: Since last year?

Senator SHOEBRIDGE: Yes.

Mr Philp: I'll check that, but my recollection is that that's a decline from last year. It runs at about 10 per cent of the department's total FTE.

Ms Frame: It may have increased in the last month. As I explained in my opening statement, we're bringing on some labour hire staff in the—

Senator SHOEBRIDGE: Do you know what might be useful then, Ms Frame. Could you break down labour hire for this financial year. If there's been a significant change at one point, could you break it down by quarter. If there's an explanation for why it increases at one point, could you provide that explanation. Has the number of labour hire staff increased recently in association with Open Arms counselling services? Is that part of labour hire?

Ms Frame: I can answer that one. We have used some labour hire for surge efforts in Open Arms in areas where that's an appropriate use of labour hire—where there is a peak and it drops away again.

Senator SHOEBRIDGE: I think I've asked for numbers about labour hire by division. I assume that'll be picked up.

Ms Frame: That would be picked up.

Senator SHOEBRIDGE: Secretary, you'd be aware of the finding from the veterans royal commission that labour hire workers can cost up to a third more than APS staff. What is the full-time equivalent cost differential between labour hire and full-time staff for the same position?

Ms Frame: I'll take that on notice. It would be less, but I need to take it on notice to get you the specific numbers.

Senator SHOEBRIDGE: Unions are, not unreasonably, raising the question of why labour hire is increasing while at the same time there's a budgeted decrease of 111 in the average staffing level.

Ms Frame: Sorry, I missed the last part.

Senator SHOEBRIDGE: Why is labour hire increasing at the same time the average staffing level for the department is projected to decrease by 111? Why is there a decrease in the ASL?

Ms Frame: Is the question why the staff number is coming down or why labour hire is—

Senator SHOEBRIDGE: Why is labour hire going up when staffing levels in the ASL is going down? ASL is going down by 111 while labour hire is going up. Why is this happening?

Ms Frame: I believe we've said we'll take on notice what actually has changed in labour hire numbers. They are predominantly, as we've explained, the contractors in Bupa that we are not converting and ICT contractors who we would also not be seeking to convert. The very recent uptick in labour hire numbers that I am aware of—and, indeed, explained in my introductory statement—relate to compensation claim support officers who have recently commenced or will be imminently commencing in the Client Benefits Division.

Senator SHOEBRIDGE: If you go to the dashboard and you have a look at the backlog in unallocated claims, if we look at 30 April 2025, the number of unallocated claims that are sitting at 201 to 300 days was eight, and the number at 301 to 400 was six. If we look at April of this year, the number of unallocated claims sitting at 201 to 300 days is 6,772, up from eight, and the number at 301 to 400 days is 2,049, up from just six. How can you be cutting ASL when you're getting this massive increase in unallocated claims?

Ms Frame: It's a very small—I just want to check with the chair whether we have time to continue this.

CHAIR: In the interest of time, I think we might have a quick break—because this has gone on for more than just four minutes—if there's a bit more that we need to flesh out. I appreciate that we were going to break at 3.30—

Senator SHOEBRIDGE: This is literally the last—

CHAIR: but I've been mindful of trying to get things moving. How quickly—

Senator SHOEBRIDGE: This is the last issue, why unallocated claims—

CHAIR: Is it the last question or have you got more questions on the issue?

Senator SHOEBRIDGE: It depends on the answer.

Ms Frame: Okay. I just wanted to confirm with the chair—

Senator SHOEBRIDGE: I'm trying to get an explanation on why unallocated claims more than 200 have gone up from 14 to 9,000.

CHAIR: Can you provide an answer?

Ms Frame: You asked about the reduction in staff numbers, which is, I think you said, 117—

Senator SHOEBRIDGE: It was 111.

Ms Frame: Thank you. Fifty of those relate to staff who are specifically allocated to implementing the legislative reform. Staff, and funds for those staff, discontinue at 30 June. The staff will continue in the department, but the funding for 50 of those staff pertains to legislative reform. When you take those away from the 111, you are left with a very small number, which is much less than our natural attrition rate; much less than we would normally see. That is why we are taking active measures to bring more staff into the department. As I said in the introductory statement, we are bringing staff on because we are going to need a pipeline of staff coming into the department to maintain the funded position of 3,417 ASL, which is ongoing funding that has been confirmed by the government and is record staffing levels in terms of locked-in, ongoing staffing for the department over the next four years.

Senator SHOEBRIDGE: Well, the budget is predicting that reduction in overall ASL by 111. That's in the budget papers. A reduction.

Ms Frame: To the 3,417 that I said is the ongoing number of ASL, and it has never been that high on an ongoing basis.

Senator SHOEBRIDGE: Okay, but in just one year you have unallocated claims sitting at more than 200 days increase from 14 to almost 9,000. It's a question to the minister as much as it is to you, Secretary. In total numbers, the ASL is dropping by 111. Why weren't they allocated to dealing with unallocated claims and to getting rid of the backlog?

Senator McAllister: We've invested in this department and, as you know, as Ms Frame said, ongoing staff levels are higher than they've ever been. We have also engaged in a process of reorganising the workflows. There have been, and continue to be, investments in ICT and in business process that mean that we can, with a now stable, permanent workforce, do much more than we ever could. Those transformations of the department continue. We expect this department to continue to be able to deliver high standards of service to the veterans community. It's a commitment the government's made. We don't walk away from it. Every department needs to use its resources well, and we see this department taking important steps internally to make sure that we are using resources well against the priorities.

Senator SHOEBRIDGE: Ms Frame, can you provide on notice an explanation for why unallocated claims older than 200 days have grown from 14 to almost 9,000, what you're expecting that cohort of unallocated claims to be this time next year and what you're doing to remove that backlog.

Ms Frame: Mr Kefford has some more information to provide which may also make the distinction between initial liability and permanent impairment.

Mr Kefford: I'm conscious of the time. The first thing I'd say is in April, the same period to which you're referring, over 96 per cent of new initial liability claims were allocated within 14 days. There has been a growth in the number of unallocated permanent impairment cases on hand. There are a number of drivers for that, and we've been taking some action recently to follow up where decisions have been made about final elections as to lump

sums or periodic payments. There are some PI decisions where it's not appropriate for us to make a decision yet because the treatment course has not been completed.

The biggest driver, though, in the growth in unallocated claims on hand is that we've seen a 52 per cent increase year-in-year in DRCA PI claims, which is the spike that we've been talking about for some time, ahead of the legislation reform that comes in in 3½ weeks time. The key point to keep in mind when we're talking about those unallocated DRCA claims is we count those by condition. So while there are 21,874 claims for DRCA PI in the unallocated list at the moment, that's about 6½ thousand individuals. The average age of unallocated PI under the DRCA is 153 days for serving members and 161 days for non-serving members. That's not inconsistent with what you've said, but I'm talking about the average across the whole of the pile. For MRCA PI, the average age is 67 for serving members and 70 for non-serving.

Senator SHOEBRIDGE: Well, we'll see if it is a spike or not over the next 12 months.

Mr Kefford: We could also get a spike in claims ahead of the changeover.

Senator SHOEBRIDGE: I get it.

CHAIR: We'll wait for the answer on notice then. On that note, thank you very much to the department. You are now released.

Proceedings suspended from 16:16 to 16:37

Australian War Memorial

CHAIR: I'd now like to welcome Mr Matt Anderson PSM, Director of the Australian War Memorial, and officers of the agency. Did you wish to make an opening statement?

Mr Anderson: I have one that I've tabled, so I'm happy for that to be taken as read. I'll just mention that we're very close to achieving a number of significant milestones at the memorial. On 23 June this year, we will open Anzac Hall and the atrium—all of it—which means Afghanistan, Iraq, peacekeeping, 'G for George' and all of those things that people know and love will all be open to the public. It's a major milestone. It's largely the reason for the development, which is to create the space to tell the stories of those 100,000 veterans. I'm just very proud of the staff at the bench and also everyone at the War Memorial for this significant milestone.

CHAIR: Thank you, Mr Anderson. Senator Roberts, you have the call.

Senator ROBERTS: Thank you for being here and thank you for such an uplifting opening statement. That's wonderful that you're celebrating that. My questions are fairly brief. Mr Anderson, can I confirm you have left the Ben Roberts-Smith VC display in the Hall of Valour in the same condition it was before his arrest while updating his plaque to include the passage:

In April 2026, Roberts-Smith was charged with five counts of the war crime of murder. The legal process is ongoing.

Mr Anderson: That's correct.

Senator ROBERTS: Can I confirm that on 10 April 2026, in a media conference at the Australian War Memorial, you made the following statement:

The most important thing that all of us can do now is allow justice to take its course; to start with the presumption of innocence.

Mr Anderson: That's correct.

Senator ROBERTS: Is the presumption of innocence still the overarching principle guiding the Australian War Memorial in the continued display of Ben Roberts-Smith's VC exhibit in the Hall of Valour?

Mr Anderson: I think the overriding principle is one of fact. He's in the Hall of Valour because of his actions in Tizak on 10 June 2011. Those are the circumstances that we speak to in the Hall of Valour. We've updated, as we always do, the panel. Since 2023, we've been updating the interpretive panel with the facts as they become known.

Senator ROBERTS: That's almost as uplifting to me, hearing that you believe in fact and make decisions based on data and fact, as your opening statement. That's wonderful. Final question—I want to thank you, Mr Anderson, for reminding Australia that Ben Roberts-Smith has a presumption of innocence and for treating his service with the respect it deserves. I have nothing further, Chair. Thank you.

CHAIR: That is very efficient of you, Senator; thank you. Senator Shoebridge, you've got some questions, I understand.

Senator SHOEBRIDGE: I do, but we may as well start where you just ended. Since you put the notification or the additional clarification on Ben Roberts-Smith's plaque, there are now two iterations after the original posting, right? There was one after the Federal Court, and there was another one after he was charged with war crimes.

Mr Anderson: There was one after the Federal Court when the decision was handed down. There was one after the appeal was denied. There was one after leave was not granted to appear before the High Court. And then there is the most recent one, where he was charged.

Senator SHOEBRIDGE: Alright. And you reminded Senator Roberts that the notifications were about the exchange at Tizak in June 2013. Is that right?

Mr Anderson: 2010.

Senator SHOEBRIDGE: Sorry—2010. You're right. You would be aware, wouldn't you, of the evidence in the Federal Court about the incidents and about communication that happened between members of the SAS members in relation to the Tizak incident? Have you read the Federal Court findings?

Mr Anderson: I haven't read the entire findings.

Senator SHOEBRIDGE: Paragraph 2285 says this—I might read it in full, but it's a little long:

Person 18 received a letter on 12 June 2018. He received another letter which was in the same terms on 14 June 2018. The terms of each letter were as follows:

You and others have worked together to spread lies and rumours to the media and the IGADF. You have one chance to save yourself. You must approach the inquiry and admit that you have colluded with others to spread these rumours and lies about certain individuals or you will become their focus. We are very aware of your murderous actions over many tours in Afghanistan and we have specific mission details, dates and witnesses who now are willing to expose you to the authorities so you are criminally investigated. Just like when you participated in the execution of 2 PUCs from the Taliban's makeshift medical compound following the battle in Tizak. You know what you have done and so do we. Approach the inquiry and admit to working with others to concoct lies about SAS members. You have until the end of the month to tell them the truth, and don't ignore this because it will not go away. You will go down. Better to take a reprimand than murder charges

A friend of the regiment

Had you read that before?

Mr Anderson: No.

Senator SHOEBRIDGE: It's really chilling, isn't it—about the Tizak incident? Isn't it?

Mr Anderson: You said—

Senator SHOEBRIDGE: It says:

Just like when you participated in the execution of 2 PUCs from the Taliban's makeshift medical compound following the battle in Tizak.

And it references 'your murderous actions over many tours in Afghanistan'. Did the War Memorial make a conscious decision to sanitise the information about the Tizak engagement? This is only one part of numerous, deeply disturbing elements and evidence about Tizak, about the very incident Senator Roberts asked you about. Why is none of that context put in the War Memorial's reference to Ben Roberts-Smith?

Senator ROBERTS: Excuse me, Chair. I didn't ask about an incident; I asked about the presumption of innocence and the display of Ben Roberts-Smith's valour.

Mr Anderson: And I think—thank you, Senator—on that point, these are allegations that you're making. What is not an allegation but a fact is what he was awarded the Victoria Cross for. These are all—

Senator SHOEBRIDGE: They are the same incident.

Mr Anderson: I don't know that. These are all independently verified. There's a rigorous process they need to go through to establish the awarding of a Victoria Cross, our nation's highest honour. That's why he's in the Hall of Valour. It's his actions—

Senator SHOEBRIDGE: There's a reference to the Federal Court judgement. You're the director, and you're telling me you haven't even read it?

Mr Anderson: That's right, I have not read the entire—what paragraph did you say it was?

Senator SHOEBRIDGE: 2285.

Mr Anderson: No, I haven't read it. I'm happy to go back and read that. But I haven't read the entire Federal Court judgement, because, in 350 words, which is typically about what we have in an interpretive panel, our job is to acknowledge the fact of the Federal Court judgement where a judge found substantial truth to the allegations. That's what we have done.

Senator SHOEBRIDGE: Your job is to tell Australian history truthfully and unvarnished, isn't it?

Mr Anderson: Correct.

Senator SHOEBRIDGE: What we get on Ben Roberts-Smith's notification is no reference to any of this. I've just extracted one part of detailed evidence that then formed the basis for the findings of the Federal Court judge—

Mr Anderson: Senator, the finding—

Senator SHOEBRIDGE: Let me finish. What we see in the War Memorial is a sanitised version with none of this detail. How is that?

Mr Anderson: Because what you see is an interpretive panel of 350-odd words, maybe 400 words, next to his display and Corporal Cam Baird's display—a display which now highlights the Federal Court finding of substantial truth in the allegations to which you refer. That same interpretive panel now contains reference to the fact that he's been charged with five counts of war crimes—murder, because that's about the level of detail that we can put in a display. We stick with the facts. They are the facts. I'm not there to put—

Senator SHOEBRIDGE: Well, the evidence upon which the findings were made included the execution of people in a medical compound in the very same incident for which the medal was awarded. Why was none of that detail included?

Mr Anderson: He's in the Hall of Valour for his actions that led to the award of the Victoria Cross.

Senator SHOEBRIDGE: But it's this very incident.

Mr Anderson: Well, not at the time that they made the award of the Victoria Cross.

Senator SHOEBRIDGE: You put another photo in where you airbrushed out the dead bodies.

Mr Anderson: You've raised this with me before, and we did not airbrush out the bodies.

Senator SHOEBRIDGE: Well, you cropped them out.

Mr Anderson: No, we didn't crop them out. That was the way in which that photo was presented to us, and I'm already on testimony of having answered that question prior.

Senator SHOEBRIDGE: Have you corrected it now, to put the full photograph in?

Mr Anderson: No, I haven't. As I said last time, when children come through, if they're under 15, they need to be accompanied by an adult. The interpretation, as I said the last time I appeared with this testimony, predated me. I would stand by that judgement, which was that it is very rare for us to have a photograph of a Victoria Cross recipient on the day of the action for which they were awarded the Victoria Cross. So that's why that photo was chosen. That's been my answer the last two times I've given testimony.

CHAIR: Senator Shoebridge, I'm not trying to interrupt your line of questioning, but just be mindful about the matter at hand, given, as I understand it, other court proceedings are still at play. So, for both the witness and senator, be mindful about what is discussed in this forum.

Mr Anderson: Certainly.

Senator SHOEBRIDGE: I appreciate the reference, Chair. We might move on to where the War Memorial is up to in terms of commemorating the Frontier Wars and the acknowledgement of First Nations deaths and First Nations' defence of their land in the Frontier Wars. Where are we up to?

Mr Anderson: I'll pass to the director of the development shortly, but the last time I appeared here I said that, as soon as we'd opened Anzac Hall, we would start the process. I'm pleased to report that we've actually started the process before we've opened Anzac Hall. The project team that will have responsibility for the pre-1914 galleries—which includes the Frontier Wars, the so-called colonial wars and the Discovery Zone learning centre—has been stood up, and we're now in the process, imminently, of going through and selecting the curators that we need to tell that story, including Indigenous curators.

Senator SHOEBRIDGE: Did you say someone here can give details about who's on that team and the extent to which you've got First Nations expertise on the team?

Mr Hitches: We have stood up our team which, as the director has rightly said, follows Anzac Hall. We have been able to overlap that a little. So we have the gallery development team stood up, who are five individuals plus the director of the gallery development team, and we're currently out to market for three curators who are Indigenous curators.

Senator SHOEBRIDGE: Is anyone on the gallery development team First Nations?

Mr Hitches: Not for the project management team, but of course they are project management. The curator team is what we're currently out for, and there are three FTE that we're out for at the moment to stand that team up to support the project management team.

Senator SHOEBRIDGE: Have you identified the amount of space that's going to be devoted to the Frontier Wars and truth-telling in that regard?

Mr Hitches: What we have for the pre-1914 galleries, which is the area that went through in the original business case, is 408 square metres that cover both the Frontier Wars and the colonial wars.

Senator SHOEBRIDGE: Alright, so some of that will be covering Sudan and some of it will be covering the first part of the Boer War. I'm asking you: how much is going to be dedicated to the Frontier Wars?

Mr Hitches: There are two specific galleries either side of the main concourse where you walk into the memorial. One side of that will be totally devoted to the Frontier Wars.

Senator SHOEBRIDGE: Is it half Frontier Wars, half other pre-1914 conflicts?

Mr Hitches: That's correct. We currently have 204 square metres.

Senator SHOEBRIDGE: On notice, could you provide a link to the—you said expressions of interest are out for the three-member consultative team.

Mr Hitches: Sorry, would you like a link to that?

Senator SHOEBRIDGE: Is it publicly available?

Mr Hitches: It will go out on our website. Absolutely.

Senator SHOEBRIDGE: It hasn't been published yet?

Mr Hitches: It's out either at the end of last week or today—one of those two.

Senator SHOEBRIDGE: Could you provide on notice the details of that, including the position descriptions and the—

Mr Hitches: Yes, we can.

Senator SHOEBRIDGE: If you've got the position descriptions and the pay points for the gallery development team, can you provide on notice the equivalent for the three First Nations positions that you're recruiting?

Mr Hitches: Certainly. We've currently gone out for, as I said, the equivalent to three FTE. How that is engaged is yet to be finalised. There might be three people that come in permanently to the gallery to develop that. It could be another method—some Indigenous consulting company. We are doing that and we can certainly provide that information to you.

Senator SHOEBRIDGE: Thank you. This is the final issue I wish to cover with you, Mr Anderson. Since we last spoke, has the War Memorial had any more sponsorship, funding or contracts with weapons manufacturers?

Mr Anderson: Not that I'm aware of since last the last time we appeared. No, I don't believe so.

Senator SHOEBRIDGE: Is that a 'no'?

Mr Anderson: We're regularly in conversations with a range of sponsors. I'm not aware that we have any additional sponsorship arrangements with defence companies since I last—but I'm happy to come back to you.

Senator SHOEBRIDGE: As at today, what are the current contracts you have with, or sponsorships or support you're getting from, weapons manufacturers? These are the companies that build the weapons that kill people.

Mr Anderson: At the moment, what I have is the *Defending Country* Indigenous art project with Boeing.

Senator SHOEBRIDGE: How much?

Mr Anderson: \$203,000, if my records—

Senator SHOEBRIDGE: Is that with the US parent of Boeing or the Australian—

Mr Anderson: It's Boeing Australia.

Ms Ozolins: The details for the Boeing agreement are that it's a three-year agreement. That's US\$150,000 per year for those three years.

Senator SHOEBRIDGE: Is it US\$150,000? Is that how we get the \$203,000?

Ms Ozolins: Correct.

Senator SHOEBRIDGE: It's US\$150,000 because they're a US weapons manufacturer, so they give you a contract in US dollars. Is that right?

Ms Ozolins: They were the terms of the contract agreement, yes.

Senator SHOEBRIDGE: Any other money from weapons manufacturers?

Ms Ozolins: The only other one is Leidos. That agreement is for \$125,000.

Senator SHOEBRIDGE: Is that kronor or Australian dollars?

Ms Ozolins: That is Australian dollars.

Senator SHOEBRIDGE: Is that for one year?

Ms Ozolins: That's for a three-year term.

Senator SHOEBRIDGE: Is it \$125,000 a year or is it \$125,000 over three years?

Ms Ozolins: It's \$125,000 per year over three years.

Senator SHOEBRIDGE: What's it for?

Ms Ozolins: That supports a podcast series that will see 20 episodes per year.

Senator SHOEBRIDGE: Do you promote Leidos in the podcast? Do they get ads brought to you by the Australian War Memorial?

Ms Ozolins: There will be acknowledgement in interviews in the podcast, yes.

Senator SHOEBRIDGE: I assume that Boeing gets promoted by the War Memorial in return for their US\$150,000. Is that right?

Mr Anderson: I'll just remind the committee that, at the last hearing, the reciprocal arrangements for Boeing for the theatre sponsorship was read, in full, in terms of what they get out of it and what, most importantly, the Australian War Memorial gets out of it. It's on the record.

CHAIR: On that note, I don't believe there are any other senators with questions. Thank you, Mr Anderson. If anyone's listening, certainly make the time to visit the new Anzac Atrium as well. Enjoy the rest of your day.

Repatriation Medical Authority

[17:00]

CHAIR: I'd now like to welcome Professor Terence Campbell, Chair of the Repatriation Medical Authority. It's good to see you. I can see the two of you there. Do you have an opening statement to make, Professor Campbell? If not, we'll go straight to questions.

Prof. Campbell: No.

CHAIR: Senator Shoebridge.

Senator SHOEBRIDGE: Professor Campbell, the last time you appeared, I asked you questions, if you recall, about the decision of your agency to not support the population study of blast-induced mild traumatic brain injury in Australia. Do you remember that series of questions?

Prof. Campbell: I don't remember you asking anything about my agency not supporting—what's my agency?

Senator SHOEBRIDGE: The Repatriation Medical Authority.

Prof. Campbell: We don't support research. We're not allowed to.

Senator SHOEBRIDGE: Initially, there was a suggestion coming from the Repatriation Medical Authority that it would be useful to have some research undertaken about blast-induced mild traumatic brain injury amongst the Australian veteran community because there are concerns that a significant number of veterans have blast-induced mild traumatic brain injury from their service. Are you aware about this issue, Professor Campbell?

Prof. Campbell: I am aware about that issue, yes.

Senator SHOEBRIDGE: Do you recall I asked you some questions about why you were no longer pressing for that in reference to a statement that was made by your agency—in case there's any doubt about it, by that I mean the Repatriation Medical Authority—regarding US studies of blast-induced mild traumatic brain injury? Do you remember that series of exchanges and questions and answers?

Prof. Campbell: I wrote to the minister or the secretary of DVA, suggesting that it would be a good idea to get some research done to help bolster the evidence base. The reply I received said basically to the effect that it's already happening in America, and let's wait and see what comes out of the LIMBIC trial.

Senator SHOEBRIDGE: Yes. In your answer to me, you said that us undertaking it would be, to quote you, 'fruitless'. Do you remember that answer?

Prof. Campbell: No, but I said something to that effect. If that's what you remember, that's fine.

Senator SHOEBRIDGE: Trying to chase them is fruitless. We'd be better off waiting for the Americans to do it with the numbers they've got. Does that ring a bell?

Prof. Campbell: Yes.

Senator SHOEBRIDGE: Then I asked, 'Have you followed up on where the US is on their study?' And you said, 'That's not my job'. Do you remember that?

Prof. Campbell: Yes.

Senator SHOEBRIDGE: I was asking in your capacity as a member of the Repatriation Medical Authority, and then I asked you to check with the Repatriation Medical Authority—who you have a job with—if they had made inquiries. Do you remember that?

Prof. Campbell: Yes.

Senator SHOEBRIDGE: I asked, 'Did you access the most recent US study,' and 'Did you find out before that was published where the US studies were up to?' Do you remember that? You took it on notice.

Prof. Campbell: Yes.

Senator SHOEBRIDGE: You then provided some answers on notice about how, as part of the material considered, the LIMBIC-CENC study was taken into account—the publications were taken into account. Do you recall providing those answers?

Prof. Campbell: Yes.

Senator SHOEBRIDGE: So, for the purposes of Australian veterans who are concerned about the lack of support and the lack of evidence about how best to treat blast induced mild traumatic brain injury, I'm going to ask again: Where are the US studies up to? To the extent that your recommendation is we wait for the US studies to complete, when do you expect the US studies to complete?

Prof. Campbell: I don't have an expectation of time. On where they're up to, the latest publication I have is from about 2024, and, basically, it's a long paper which concludes that there's still insufficient evidence to ascribe—it depends what it is you're asking me about, because we talked about a wide range of different exposures and a wide range of different outcomes. I thought at the time you seemed to be mainly interested in whether howitzer fire could lead to dementia pugilistica, and—

Senator SHOEBRIDGE: We asked about both howitzers and small arms, if you recall, both of which have—

Prof. Campbell: Yes. Well, there's no evidence. There's no evidence that either leads to dementia pugilistica, and that's still the case, including the latest outcomes from LIMBIC.

Senator SHOEBRIDGE: The latest outcomes from LIMBIC you have is research dated 2024; is that right?

Prof. Campbell: Yes.

Senator SHOEBRIDGE: You said we should wait to see what happens with the US studies. How long should Australian veterans wait before their own government takes action? That's what veterans are asking.

Prof. Campbell: What action would you have—

Senator SHOEBRIDGE: You say we should wait—

Prof. Campbell: I'm asking you what you want Australian government to do that is not being done overseas. You'll have to ask the Australian government that.

Senator SHOEBRIDGE: You're the one who says undertaking this action would be fruitless and we would be better off waiting for the Americans to do it.

Prof. Campbell: Yes.

Senator SHOEBRIDGE: That's your evidence, so I'm asking you: When will the Americans have it done by? Do you know?

Prof. Campbell: I do not know—of course not.

Senator SHOEBRIDGE: What do you mean, 'of course not'? How do you give evidence saying that we would be better off waiting for the Americans to do something before we consider the health impacts on Australian veterans if you don't even know the Americans have an end date for it? You don't know the basics about what the Americans are doing. What do you mean, 'of course not'?

Prof. Campbell: They don't have an end date for it. They are following them to see what happens.

Senator SHOEBRIDGE: Is there a milestone—

Prof. Campbell: What happens will happen when it happens, in the timeline in which it happens. That will be years.

Senator SHOEBRIDGE: This isn't some gnostic exchange. Is there a timeline that indicates when the next body of US evidence will be published in their LIMBIC-CENC study? Are you aware of the basic timelines in their research?

Prof. Campbell: No.

Senator SHOEBRIDGE: Don't you think you should be, before you say we're better off waiting for the Americans to do something, if you don't even know when it's going to happen or if it will happen?

Prof. Campbell: Whatever their timelines are, ours will be longer because we're starting years behind.

Senator SHOEBRIDGE: What are their timelines?

Prof. Campbell: I just told you I do not know. But, whatever they are, ours will be longer. Dementia develops at the same level in America as it does in Australia.

Senator SHOEBRIDGE: You do understand the level of concern in the veteran community about the fact that—

Prof. Campbell: Of course I do.

Senator SHOEBRIDGE: What do you think they would make of an exchange where the head of the Repatriation Medical Authority says, 'We should wait for American studies. I don't know when they're going to happen—I haven't looked—but I can tell you we shouldn't do anything ourselves'? What do you think they'd make of that exchange, Professor?

Prof. Campbell: I didn't say I hadn't looked. I said I don't know how long they're going to take, and they don't know how long they're going to take.

Senator SHOEBRIDGE: Have you checked to see what the timeline is for the next iteration of their published—have you looked for what the timeline is?

Prof. Campbell: I've looked and I haven't found anything, but I don't know whether they publish anything about timelines or not.

Senator SHOEBRIDGE: Because you haven't looked.

Prof. Campbell: I haven't seen anything.

Senator SHOEBRIDGE: Probably one of the reasons you haven't seen anything is that you haven't looked. Isn't that right, Professor?

Prof. Campbell: I have looked, but I haven't seen anything.

Senator SHOEBRIDGE: What did you look at? Have you checked what the timeline for research is for the LIMBIC-CENC study? You haven't been able to elucidate for me, to any satisfaction, that you've looked. You've checked for the timeline of the study and for key milestones in their research—have you looked at that?

Prof. Campbell: It's over years. I can't remember exactly how many years.

Senator SHOEBRIDGE: What is your position again, sorry, Professor?

Prof. Campbell: You know what my position is.

Senator SHOEBRIDGE: No, I don't. I genuinely don't.

CHAIR: I think it's very clear. The witness provided an indication of who he is and what he's—

Senator SHOEBRIDGE: Sorry. I'm not being difficult. I've genuinely forgotten your formal title.

CHAIR: Well, it's on the program.

Senator SHOEBRIDGE: Not on my program.

CHAIR: I'm not sure of the point you're trying to reach with the witness before us.

Senator SHOEBRIDGE: Professor, what's your role—

Prof. Campbell: My role is to provide—

Senator SHOEBRIDGE: with the Repatriation Medical Authority?

Prof. Campbell: Chairman.

Senator SHOEBRIDGE: As chairman, what do you do?

Prof. Campbell: I chair the meetings that discuss the SOPs.

Senator SHOEBRIDGE: I assume you have that position because you have some relevant expertise. Is that right?

Prof. Campbell: Yes.

Senator SHOEBRIDGE: What is your expertise?

Prof. Campbell: I was professor of medicine at the University of New South Wales for 20 years. I'm a cardiologist. I was President of the Cardiac Society of Australia and New Zealand.

Senator SHOEBRIDGE: When you're presented with recommendations and reports written by the staff at the Repatriation Medical Authority and you assess them and review them, I assume you and other members of the authority—

Prof. Campbell: That's exactly what we do, and we did that today. We had a meeting today. That's why I'm online.

Senator SHOEBRIDGE: When you were looking at the recommendations and the reports in relation to blast-induced mild traumatic brain injury, did you make inquiries of the staff along the lines that we've engaged today: What are the timelines? When will the US material be published? When can we expect some progress before I sign off on this report? Did you make those inquiries?

Prof. Campbell: Yes.

Senator SHOEBRIDGE: What did they tell you?

Prof. Campbell: There's nothing available, if you want timelines. It's an ongoing study. Its funding is dependent on a very repeated process. It's been going for a number of years, and it will continue to go for a number of years.

Senator SHOEBRIDGE: So, when you say we'd be better off waiting for the Americans to do it, you say that without knowing when they're going to complete it, what the timeline is and how long Australian veterans should wait. That's where we get to at the end of this exchange. Isn't that right, Professor?

Prof. Campbell: Yes, more or less.

Senator SHOEBRIDGE: Cool.

CHAIR: Are there any other senators with questions? No. Thank you very much to the two of you gentlemen for appearing before the committee today. Enjoy the rest of your day. We are now going to have a bit of a changeover, with the Department of Defence to appear before the committee.

Department of Defence

[17:21]

CHAIR: I'd now like to welcome Meghan Quinn PSM, Secretary of the Department of Defence; Admiral David Johnston AC, RAN, Chief of the Defence Force; and all the officers of the department who are here in the room. The committee notes that this is the final estimates round for a number of senior officials with the Defence portfolio: Admiral David Johnston—sorry to see you go; I'm sure you've had much fun with us, and we'll hopefully get you back one day—and Lieutenant General Simon Stuart AO, Chief of Army.

I also want to make a couple of other acknowledgements. I want to acknowledge the service and sacrifice of Warrant Officer Class Two Lachlan Muddle, who tragically lost his life during a parachute training accident at Jervis Bay last month. Warrant Officer Muddle served Australia with distinction for more than three decades, first joining the Australian Army in 1994. A member of the Special Air Service Regiment since 2007, he undertook five separate deployments, including to Afghanistan, and exemplified the dedication and courage that underpin military service. His passing leaves a void in the lives of his family, his friends, his colleagues and the wider defence family, particularly within the SAS. On behalf of the Senate Foreign Affairs, Defence and Trade Committee, I want to extend our deepest condolences and pay tribute to a life that was devoted to serving our nation with distinction. I ask everyone in the room to offer one minute of silence.

Thank you, everyone. I'd also like to acknowledge the work of the former secretary Greg Moriarty, who's now finished with the Department of Defence to take on the very important role of ambassador to the United States. I again acknowledge the services of the outgoing Chief of the Defence Force and Chief of Army, for whom this is the last budget estimates.

Finally, I'd like to also offer the committee's congratulations to the recently and soon to be promoted officials, including the new secretary of the Department of Defence, Meghan Quinn—welcome—who is appearing here in her first Defence estimates, and the incoming ADF leaders who'll be taking their positions in July, including the next chief of the Defence Force, Vice Admiral Mark Hammond; Chief of Army, Lieutenant General Susan Coyle; Chief of Navy, Rear Admiral Matt Buckley; and Chief of Joint Capabilities, Air Vice-Marshal Glen Braz. We look forward to having you all in your new roles in due course. On that note, I'd like to also ask the minister or the secretary if either of you had an opening statement that you'd like to provide the committee this afternoon.

Senator McAllister: Chair, I don't have an opening statement, but I do wish to associate myself with your thoughtful reflections on the life of Warrant Officer Muddle and the significance of his death. It's obviously an incredibly sad time for his family and for the Defence community, and I thank you and the committee for acknowledging it this evening in the way that you did. I also wish to acknowledge the service of Admiral David Johnston as he prepares to retire from the Australian Defence Force this July. He has, I understand, four decades in uniform. He served Australia with distinction. We are so grateful for your contribution, and it's been a pleasure to work with you in this particular forum, Admiral. I also know that it is the final estimates for Chief of Army Lieutenant General Simon Stuart. It's also been my great pleasure to get to know Simon over the time that I've represented the government in this role, and I also wish Simon the best and thank him for his service.

Ms Quinn: I have an opening statement. Thank you, Chair and senators. Today is my first appearance before the Senate as Secretary of the Department of Defence. It's an honour to be appointed to lead the department, and I join Defence at a consequential time for Australia's national security. The effects of global instability, including strategic competition in the Indo-Pacific and conflict in the Middle East and Europe, are having direct implications for Australia's security and interests. Since the *2024 National defence strategy*, Defence has moved at a pace to build an Australian defence force that is able to operate at greater range, dramatically improve growth and retention of a highly skilled workforce and lift capacity to rapidly translate emerging technologies into capabilities. Much of this has been in partnership with Australian industry and international partners, and there is more to do.

My immediate focus as secretary will be delivering the government's priorities as set out in the *2026 National defence strategy* and its accompanying *Integrated investment program*. This includes an emphasis on increased self-reliance, strengthening the resilience of our national defence industrial base, accelerating the acquisition of capability and increasing coordination with regional partners to strengthen our strategy of denial. This includes ensuring the additional investment, \$14 billion over the next four years and \$53 billion over the next 10 years, enhances Defence capability, preparedness and resilience.

Since the Department of Defence last appeared before this committee, the organisation has continued to work at pace to deliver the government's priorities. This has included major enhancements to the Australian Army's long-range strike capability through the acquisition of the High Mobility Artillery Rocket System and the precision strike missiles, as announced by the government in late April. This will deliver a second long-range fires regiment to the Australian Defence Force and significantly enhance Australia's ability to ably and independently deter force projection against Australia. We've made significant advances towards the sovereign guided weapons capability. This includes establishing a solid rocket motor production capability in Australia and the successful firing of the first Australian made guided multiple-launch rocket system missiles in South Australia in April.

In March, the government announced their investment in a new fleet of Australian designed and built uncrewed surface vehicles known as BlueBottle, bolstering Australia's intelligence, surveillance and reconnaissance capacity in partnership with Australian industry. In addition, the government is supporting Australian Army's transformation to a literal fleet whilst supporting continuous naval shipbuilding in Australia for landing craft heavy and landing craft medium. All these actions add to our nation's self-reliance and sovereign defence industrial base.

The department continues to work with our international partners to strengthen collective deterrence in our region. On 4 May this year, the Prime Minister signed the Leaders Statement on Enhanced Defence and Security Cooperation with the Japanese prime minister. This will strengthen our ability to train, plan and operate with Japan with greater sophistication, enhancing our combined capability and supporting deterrence.

Over the weekend, I joined the Deputy Prime Minister at the Shangri-La Dialogue in Singapore, along with other officials, which provided a valuable opportunity to engage with counterparts on the strategic challenges we collectively face. The Deputy Prime Minister held substantive discussions with global and regional partnerships, including the AUKUS defence ministers meeting.

While defence continues to make good progress against the priorities laid out in the *National defence strategy* and the *Integrated investment program*, there is more to be done. This will require close collaboration across the enterprise to deliver capability to the Australian Defence Force at the pace the strategic environment demands.

Central to this effort is the government's ambitious enterprise transformation and reform agenda, including the establishment of the Defence Delivery Agency, the delivery of the Defence Estate Audit and the enhanced delivery of the conventionally armed nuclear-powered submarines enterprise. These reforms are critical to improving performance, accountability and long-term sustainability across the portfolio.

Before I conclude, I would like to add my personal thanks and take the opportunity, in his last Senate estimates, to thank the Chief of Defence, Admiral David Johnston, for his leadership and service to the Defence organisation. His stewardship of the Australian Defence Force during a period of significant strategic uncertainty and challenge

has been profound, and his contribution will leave a lasting impact on Australia's national security. I thank him for his gracious support as I transition into the portfolio. I'll now pass to the CDF.

CHAIR: Admiral Johnston, you have the call.

Adm. Johnston: Good afternoon. Could I start just by thanking you for the acknowledgements both of Chief of Army and myself, but particularly for Warrant Officer Muddle and the tragic accident that occurred recently. When the *2024 National defence strategy* was released two years ago, our task was to enhance the future force while improving the readiness of the current force. I am proud to say Defence has progressed these objectives, with the ADF today being larger, more lethal, more prepared and better placed to defend Australia and our interests.

However, the trends driving the deterioration of the strategic environment have continued to broaden and intensify since the release of the *2024 National defence strategy*. These include rapid technological advancements and increased state-on-state conflict. At the start of 2024, there were more states engaged in conflict than at any point since 1946. Since I spoke to you at February's Senate estimates, Russia's illegal and immoral war against Ukraine has entered its fifth year, conflict has broken out between Afghanistan and Pakistan, and there is ongoing conflict in the Middle East, which has caused significant disruptions and is testing the resilience of countries.

I would like to take this opportunity to acknowledge and thank all of our people deployed in the Middle East over this very challenging period as peacekeepers, headquarters staff and as part of ongoing operations, including the E-7A Wedgetail aircraft deployment that continues to provide defensive support to our Gulf partners.

The *2026 National defence strategy* released in April sets out the Australian government's response to these strategic circumstances, building on the strong foundations of the *2024 NDS*—specifically, the direction for Australia to become more self-reliant, more resilient and to take greater responsibility for our own security. The *2026 National defence strategy* maintains a focus on transforming the Australian Defence Force into an integrated, focused force.

To continue this transformation, Defence is investing in priority capabilities including undersea warfare; uncrewed maritime systems like Ghost Shark, Speartooth and BlueBottle; a more lethal surface combatant fleet, including 11 general-purpose frigates of the Mogami class; long-range strike across the integrated force; integrated air and missile defence capabilities and counter uncrewed air systems; and a resilient and secure multi-orbit satellite communications system.

Our network of bilateral, regional and multilateral defence partnerships remain essential, and we continue to strengthen our relationships with our allies and partners. We are exercising together at greater scale and complexity than ever before. Navy hosted its flagship multinational engagement exercise, Exercise Kakadu, earlier this year, and approximately 400 ADF personnel, including land forces, medical teams, tactical air and the frigate HMAS *Toowoomba* participated in Exercise Balikatan with the Philippines and the United States through April and May. Looking ahead, Air Force is hosting Exercise Pitch Black in July. We will participate in Exercise Keris Woomera, our largest bilateral exercise with Indonesia, and Exercise Rim of the Pacific, the world's largest international maritime exercise, hosted by the United States.

I'll turn now to our people, our most important capability. Recruitment and retention remain high priorities as we grow our workforce. There are positive signs that our efforts are working, with the ADF growing across all three services. As of 1 April, the permanent full-time ADF workforce was at 63,027, an increase of 3,004 people from 12 months ago and the largest ADF headcount in 20 years. While there is more work to do, particularly to strengthen the middle ranks, these results highlight significant progress.

Defence also continues to work closely and energetically with the Department of Veterans' Affairs and other government agencies to implement the recommendations of the Royal Commission into Defence and Veteran Suicide. Thank you.

CHAIR: I believe both you and the secretary are happy to table those opening statements so we can give copies to the members of the committee. On that note, I'm going to hand the call over to Senator Paterson. Senator Paterson, you have the call.

Senator PATERSON: Thank you, Chair. I'd like to associate myself and the opposition with your remarks at the opening about Warrant Officer Muddle. He was personally known to some of our parliamentary colleagues, including Andrew Hastie and Phil Thompson, and I know he was particularly highly regarded in the special forces community, who've felt this loss very greatly. Thank you, Chair, for those remarks.

I also want to congratulate the new secretary, Secretary Quinn. Welcome to Senate estimates. It's my first time as shadow minister here too. If you go easy on me, I'll go easy on you! CDF and General Stuart, thank you for a lifetime of service in uniform to our country. That is something which you, your families and all Australians should

be very proud of. Congratulations to the new senior officers appointed, particularly the new Chief of Navy, Admiral Hammond. We look forward to hearing from you shortly.

As a matter of housekeeping, to start off with, I wrote to the secretary and the CDF in advance of these hearings, outlining my expectation that the creation of the new statutory committee on Defence, which is a classified forum for parliamentary oversight of the ADF, should not be used as a reason to not answer questions in Senate estimates. The public forms of accountability as well as the classified accountability that we have and exercise through this parliament are very important. I'm grateful for the reply, which was quickly provided by both the secretary and the CDF, broadly agreeing to my sentiments. With your consent, I propose to table both my letter to you and your response to me for the *Hansard* record.

I'll move on to the main issues. Minister, I want to start with you. Is it still the Albanese government's policy that Australia should speak with one voice when it comes to foreign policy and defence?

Senator McAllister: The government has been focused on ensuring that our national Defence Force is responsive to the strategic circumstances. In their opening statements, both Ms Quinn and the CDF spoke about our policy settings. They are very clear.

Senator PATERSON: So it still is the policy of the government. It's a statement that the Foreign minister and the defence minister have both made a number of times—that Australia should speak with one voice on defence and foreign policy matters.

Senator McAllister: I've explained. I've answered your question. The government's position around our approach to foreign policy and defence is very clear.

Senator PATERSON: It's less clear today than it was yesterday, because a member of the government has publicly questioned the AUKUS agreement. What action has the government taken since Ed Husic made his remarks questioning AUKUS?

Senator McAllister: If you are asking specifically about AUKUS, the government are also very clear about our position on that, and our UK and US partners are very clear about it too. We consider this part of our national interests, and we can see that our partners think the same thing about this enterprise. We understand the benefits to each of our three nations and our defence forces. Backbenchers are entitled to their views. There are a number of members in this committee who from time to time venture propositions about all manner of issues that are different to the Liberal Party leadership. Backbenchers may have a view, but our government is very clear about our posture towards AUKUS.

Senator PATERSON: So what action, if any, has the government taken since Mr Husic made his remarks?

Senator McAllister: Backbenchers are entitled to their views, but the government's position is very clear. Our view is that AUKUS is unequivocally in the national interest.

Senator PATERSON: Has he been spoken to by the Prime Minister or the Prime Minister's Office?

Senator McAllister: Well, you need to direct questions about the Prime Minister to the Prime Minister's department.

Senator PATERSON: How about the Deputy Prime Minister or the Deputy Prime Minister's office?

Senator McAllister: I don't have any knowledge about that.

Senator PATERSON: Do you know if the Deputy Prime Minister has been informed about Mr Husic's remarks? I understand he's on his way back from overseas today.

Senator McAllister: I don't have any information about that. But, as I say, backbenchers are entitled to their views, and I'd observe that there are many people, including members of this committee, who from time to time step out and offer all sorts of opinions about any number of matters.

Senator PATERSON: Do all ministers in the Albanese government support AUKUS?

Senator McAllister: The government's position is very clear, and we operate a cabinet government.

Senator PATERSON: Yes, but you said that backbenchers are entitled to their views. Are ministers entitled to their own views?

Senator McAllister: Ministers serve in the context of cabinet decision-making. Ministers are bound by the decisions of cabinet, and the government has made its position around AUKUS very clear. This project is unequivocally in our national interest, and I think our actions over the period we've been in government demonstrate our intention to proceed. In fact, we have made very important steps in implementing this project because of our belief that it is in our national interest.

Senator PATERSON: Does Assistant Minister Josh Wilson support AUKUS?

Senator McAllister: You'd have to direct that to Assistant Minister Wilson.

Senator PATERSON: Well, he's made remarks on the public record questioning AUKUS, but he is a member of the ministry, as you say, and therefore bound by cabinet solidarity. There was an article in the *West Australian* on 30 March last year by Katina Curtis, and the headline reads, 'Fremantle MP Josh Wilson says AUKUS isn't in national interest'. Has he recanted his views since then?

Senator McAllister: You have to put those questions to Mr Wilson.

Senator PATERSON: I don't have the opportunity to do that, as you know, but I'm asking you about the government's policy on AUKUS and about the government's enforcement of the principle of cabinet solidarity, as you've articulated. What action has the government taken to ensure that Mr Wilson supports its signature defence initiative?

Senator McAllister: Senator Paterson, you've been around long enough to know that questions around the operation of the cabinet should be asked to the Department of Prime Minister and Cabinet.

Senator PATERSON: I'm asking you about an answer you just gave where you said that backbenchers are free to have their views, but ministers all must support the government's policy under the principle of cabinet solidarity. Does that apply to Mr Wilson or not?

Senator McAllister: All ministers are bound by the principle of cabinet solidarity.

Senator PATERSON: What action has the Deputy Prime Minister taken to ensure that Mr Wilson supports the government's policy of AUKUS?

Senator McAllister: As I've indicated, questions around the operation of cabinet need to be directed to the Department of Prime Minister and Cabinet. That's the appropriate place to ask such questions.

Senator PATERSON: Right, but I would have thought the Deputy Prime Minister, self-evidently a very senior minister in the government and custodian of AUKUS, would be ensuring that all ministers are supportive of AUKUS as such a critical national endeavour. Is that not the case?

Senator McAllister: The Deputy Prime Minister's support for the AUKUS enterprise is clearly and obviously very strong. As I've said to you already on a number of occasions, the government's position is very strong. This is a project that we fiercely support because we believe it is unequivocally in our national interest.

Senator PATERSON: That's not what one of your assistant ministers has said on the public record. Is that not of concern to the government?

Senator McAllister: Senator Paterson, I've suggested to you that questions of that kind need to be asked to the Department of Prime Minister and Cabinet.

Senator PATERSON: Alright. I have some questions that will go to the finances of the department. Is a CFO or a similar suitable person able to come forward? Thank you, Mr Groves. How much will Australia save by acquiring three used Virginia class submarines instead of two used submarines and one new submarine?

Ms Quinn: I might start with the framing. To be clear: these are in-service Virginia class submarines. That is the category in which they fall. We have been discussing the opportunities with our partner, long-term strategic ally and future long-term partner in the United States for how best to jointly implement the agreements between the three countries. You're referring to the announcement on the weekend as part of the Shangri-La Dialogue and the AUKUS Defence Ministers' Meeting, where the Deputy Prime Minister indicated that we will be receiving three in-service Virginia class submarines. In terms of the overall reason for doing so—

Senator PATERSON: Before you get to that, I will have questions about that, but this is not engaging directly with my question that was directed to the CFO. How much will we save by going to the three in-service submarines?

Ms Quinn: I was just getting to that in terms of the background and why there are savings.

Senator PATERSON: I will explore that. We'll have lots of time to ask questions about this, and I will get to the reasons for it. I want to explore that with you, but just upfront I'd like to know what the savings are.

Ms Quinn: And I will explain. We are expecting there to be savings, partly because the in-class submarines will be of similar nature, which will reduce the sustainment expenses, the labour-training expenses and the like. In terms of the exact savings quantification, that's not in the public domain.

Senator PATERSON: Why not?

Ms Quinn: It is partly because we're working it through in terms of the analysis over time. Partly it depends on future decisions in terms of timing and significance. And so there's not a specific number, but we are absolutely expecting a reduction in sustainment costs and training costs, and we'll be working with partners in terms of the transition costs when we receive the three in-service submarines.

Senator PATERSON: So, just to be clear, is it that you don't yet know what the savings will be?

Ms Quinn: We're working through and will be working through, and we'll have specific numbers closer to the time of taking delivery of the submarines.

Senator PATERSON: That will be in how many years?

Ms Quinn: The intention is in the early 2030s.

Senator PATERSON: That is for the first submarine? Was that going to be the new submarine or was that going to be the in-service submarine?

Ms Quinn: The intention was always that the in-service submarines would be available first, and so they will be the first ones and then the third in-service will come after the first two.

Senator PATERSON: Indeed. So any savings would be realised only by the third submarine, presumably.

Ms Quinn: Some savings will occur earlier than that, because it's about training staff to be able to operate different categories of submarines. It would also go to any sort of capability maintenance et cetera. So there will be savings received initially—in terms of the training of staff in particular.

Senator PATERSON: Sure. What's the current estimate of those savings?

Ms Quinn: We don't have a number for you.

Senator PATERSON: Is that because you don't know? Is there no current estimate? Why don't you have a number?

Ms Quinn: I'm happy to take on notice if we've got detailed analysis, but we don't have any numbers in the public domain at the moment. We will be working through it as we work through the program. I also will need to consult with the Australian Submarine Agency, who is responsible for the implementation of in-service activity as set out by the responsibilities between defence and ASA.

Senator PATERSON: Sure. Is that something that you could provide when we're back in the hearing later this evening?

Ms Quinn: We can check. ASA is on after us. We can ask the question and take it on notice.

Senator PATERSON: But surely the CFO knows what the savings would be. Mr Groves?

Ms Quinn: My answer is encompassing from the department, and I've given my answer.

Senator PATERSON: Yes, and I'm directing the question to Mr Groves. Mr Groves, do you know how much the savings—

Ms Quinn: and it's appropriate for me to answer the question. I have, as the more senior member at the table, provided the department's answer.

Senator PATERSON: Right. The Deputy Prime Minister has made a public statement that the savings will be 'significant'. What constitutes a significant saving?

Ms Quinn: Over the lifetime of operating a third in-service submarine, we are expecting, as I mentioned, savings in terms of training and sustainment and also potentially the acquisition process. All of that will be worked through in a methodical and sensible way as we work through the program, which is going out over multiple years.

Senator PATERSON: If it needs to be worked out, how do we know that it's significant?

Ms Quinn: It is because we know the entire program is significant expense and we understand how much the different elements of that are over time. Almost everything in the Department of Defence is significant in some ways. But we do understand that having the simplicity of the program and having three like-for-like boats out of the same block will simplify and reduce cost.

Senator PATERSON: Alright. So you know that the savings will be significant?

Ms Quinn: Yes.

Senator PATERSON: But you can't say how much those savings will be?

Ms Quinn: Not precisely—not in terms of giving a specific number.

Senator PATERSON: The Deputy Prime Minister sometimes expresses the cost of the program as a percentage of GDP. Can you express it in those terms?

Ms Quinn: I've taken the quantum on notice, and so therefore I'll have to take that on notice as well.

Senator PATERSON: Sure, but the Australian public is entitled to know and the Deputy Prime Minister has advanced an argument as to why this change has been made. If you're not willing to substantiate the claims with any numbers at all, how on earth can we assess whether or not the trade off that is inherent in this decision is

worthwhile? I mean, the Deputy Prime Minister has advanced that cost savings are one of the considerations for choosing this new pathway. How are we to evaluate that claim with no evidence?

Ms Quinn: The decision that the government has taken to go to three in-service submarines has been through a substantial process of decision-making within the Australian government. That process, as you know, goes through a full process of deliberation both within the Department of Defence, in terms of formulating advice to government, and then in the cabinet process, including many layers of review and assessment. The full process was done. That was taken through by the Australian Submarine Agency, and they can provide more information about the process and steps that they went through in that usual way. There has been a thorough discussion about this policy position, and the government has announced that they will be taking three in-service Virginia class submarines. The predominant reasons to do so are to simplify the implementation, to reduce risks and to ensure that we have the capability that we need. These are submarines of incredible capability, and it will add to Australia's national defence to have them in water and under our operation.

Senator PATERSON: Sure. You don't need to convince me of that; I'm an enthusiast. But I still don't think it's reasonable for you just to assure us that a thorough process took place. That's basically just saying, 'Take our word for it.' I think the public, who are paying for this through their taxes, are entitled to more information rather than just an assurance that the government went through a thorough process. How can the public be assured that there actually will be significant savings, and would the public agree that the savings are in fact significant, given the size of this program, without knowing what the numbers are?

Ms Quinn: I have taken the question on notice. We are expecting them to be significant for the reasons that I've already articulated. That is the department's answer.

Senator PATERSON: What is a significant saving, in your view, on a program like this? Is it billions of dollars? Is it hundreds of millions of dollars?

Ms Quinn: It would always depend on the base.

Senator PATERSON: We know what the base is in this instance.

Ms Quinn: I don't think I need to get into the world of wordsmithing particular things. Significant for one person could be \$100 million. For someone else it could be \$1 billion et cetera. The most important thing about this is that this gives Australia the capability that we need to be able to defend Australia, has been worked through thoroughly and is something in which we look forward to working with the United States to ensure we've got three in-service submarines.

Senator PATERSON: Do you personally know the ballpark—whether it is closer to hundreds of millions, tens of millions or billions?

Ms Quinn: I have taken that question on notice and I will—

Senator PATERSON: That's not my question. I'm asking what your state of knowledge is.

Ms Quinn: We have taken on notice what information the government has available to provide this committee, and that is my answer.

Senator PATERSON: Thank you, but that's not my question. My question is: what do you know? You can't take on notice what you know. You know what you know. So either you know the rough quantum and you can say, 'Yes, I know the rough quantum,'—without specifying what it is—or you can say, 'No, I don't know what the rough quantum is.'

Ms Quinn: We could get into some antics about the role of witnesses before Senate committees. I advise the government of the day, and I work through the government of the day for the Australian people. I have quite rightly and appropriately, under Senate standing orders, taken the question about the provision of information on notice, and that's my answer.

Senator PATERSON: So you need to take on notice whether you know yourself the rough quantum of the savings.

Ms Quinn: We're getting into semantics—

Senator PATERSON: No, I think this is actually quite important for this accountability forum. I think Australians watching would think that you'd be able to answer that question with a yes or no—'Yes, I know the ballpark, I can't disclose today for these reasons, and that's why I've taken it on notice,' or, 'No, I don't know the ballpark.'

Ms Quinn: I have had high-level discussions with officials and have a rough idea. I don't know the exact quantum. The government will be working through this over time, as is necessary over a decades-long program.

Senator PATERSON: Thank you. I'm relieved to know, Secretary, that you do know the rough ballpark. Can you tell me, from your own stated knowledge, if it's closer to tens of millions, hundreds of millions or billions? I won't hold you to it. If it ends up being a little bit more or a little bit less, I won't be unreasonable about that, but give us a sense.

Ms Quinn: I am going to repeat the answer to the previous time you asked me for the quantum and say that I'll take it on notice.

Senator PATERSON: If it is within your stated knowledge, then you can take it on notice, but it would not be reasonable to not provide it in a reasonable timeframe because, otherwise, this committee is being prevented from asking legitimate follow-up questions.

CHAIR: I think the witness has taken it on notice, Senator.

Senator PATERSON: Was this change in the optimal pathway initiated by Australia, or was it initiated by the United States?

Ms Quinn: The exact process of going through are questions to direct to the Australian Submarine Agency. The optimal pathway has been announced; it's under review at every point in time. Australia is supportive of this change and sees the benefit for us in terms of our capability and the operating environment going forward, so it was a joint decision by both governments.

Senator PATERSON: When you say, 'We are supportive,' that implies to me—but correct me if I'm wrong—that this was not initiated by Australia but that we're nonetheless happy with it. Is that fair?

Ms Quinn: There have been discussions about the exact modality, type of submarine and timing going back over a large number of years, including over previous governments. There have been a lot of discussions over time about the number of Virginias and the time of delivery—with the timeline being brought forward. It's a continuous discussion. It's not that someone decided one day to announce a change, there's been a long discussion about in-service or new build submarines.

Senator PATERSON: Sure, I appreciate that, but three years ago, the government announced an optimal pathway. It included two in-service and one new submarine. Now it is three in-service and zero new submarines. Someone had to initiate that as a proposal in those discussions. Was it the United States, or was it Australia?

Ms Quinn: There has been an ongoing discussion about the capability and the timeline of deliverables as people have understood the costs of sustainment, training and the back-and-forward—

Senator PATERSON: I'm sure it has been. I'm limited for time; we're about to go to a dinner break—

Ms Quinn: In a joint discussion with collaboration with partners over decades, it's not always that clear that one side or the other initiates it—

Senator PATERSON: Someone has to raise it first, right? It's not raised by osmosis. One party has to be the first one to do it. Which one was it? Was it us, or was it the Americans?

Ms Quinn: The parties and discussions happened at different levels, so there are discussions with Defence, ASA and government. There are lots of different levels.

Senator PATERSON: I'm sure that's all very true, but there still needs to be an answer to that question. It can only be initiated by one side or the other. Who initiated it?

Senator McAllister: Senator, you are entitled to ask any question, but you're not really entitled to insist that Ms Quinn answer in the terms that you prefer. You are insisting there's a binary; Ms Quinn says to you that there's been a back and forth which covers a whole range of different dynamics that exist within the evolution of this project. You have asked her about three times now, and she has given you an answer.

Senator PATERSON: It's not an answer which engages with my question, which is why I'm following up—which I'm entitled to do, as you say, Minister. Ms Quinn, before we go to the break, can you clear this up for me? Was it Australia's idea, or was it the United States's idea?

Ms Quinn: It was a joint idea.

Senator PATERSON: How can something spontaneously arise from both parties? One party has to say it first. One party has to say, 'How about three in-service submarines rather than two in-service submarines?'

Ms Quinn: Australia's position is that we would always have a preference for three in service.

Senator PATERSON: Really? Well, why was it the optimal pathway three years ago for two in service and one new?

Ms Quinn: Because it's a joint discussion with the United States.

Senator PATERSON: And they imposed a new submarine on us and said, 'You must take a new submarine, even if you want three in service'?

Ms Quinn: The joint decision at that time was that there would be two in service and one new. There were discussions at that time around the different options, and at that time the joint discussion was to have two in service and one new.

Senator PATERSON: Sure, but—

Ms Quinn: Subsequently, there are multiple discussions of—

Senator PATERSON: Sorry to interrupt, Ms Quinn, but I am limited for time. I'm really sorry to interrupt. I'd prefer not to, but we are limited for time. You just said it was always Australia's preference to have three in service, so why was a new submarine imposed on us that we didn't want if that's the case?

Ms Quinn: Because this is a joint exercise over many decades working collaboratively with an alliance partner to deliver a capability which is significant and is very important for Australia's national defence. There are many reasons why three in service would be simpler—lower cost through the training of staff, the sustainment arrangements, the maintenance requirements and all of those considerations. I'd just to note that these in-service Virginia class submarines would be in the early stage of their operation and would be available to Australia for decades after receipt of them.

There was a joint position by parties that was announced in the optimal pathway. There have been ongoing discussions at various levels over time, as we understood the arrangements, and what it means for our adoption of this excellent class of submarine, and now there has been a joint decision to move to three in service and we support it.

Senator PATERSON: Thank you. I look forward to exploring this further after the break.

Proceedings suspended from 18:01 to 19:33

CHAIR: We're back. Senator Shoebridge.

Senator SHOEBRIDGE: Vice Admiral Hammond, what was your involvement with the LOTE while you were Chief of Navy?

Vice Adm. Hammond: Whilst I was the Chief of Navy I inherited the LOTE program in July of 2022, and I was responsible for providing advice within the department and to government on its progress and ultimately the options to reset the strategy.

Senator SHOEBRIDGE: Were you part of the scope review in 2022?

Vice Adm. Hammond: There were several reviews. I was not involved in the scope review in 2022, which was between NSSG and ASC, as I understand it. My colleagues from NSSG may have more to say.

Senator SHOEBRIDGE: What is NSSG?

Vice Adm. Hammond: It's the Naval Shipbuilding and Sustainment Group. It's responsible for sustainment of maritime platforms.

Senator SHOEBRIDGE: Were you Chief of Navy while that 2022 review was being undertaken?

Vice Adm. Hammond: In July of 2022? I'm not sure of the timeframe of that particular review.

Senator SHOEBRIDGE: Mr Chandler? Mr Hanley?

Mr Hanley: What was the question again, Senator?

Senator SHOEBRIDGE: The admiral's asking for clarification about the timeframe for the scope review of the LOTE in 2022.

Mr Hanley: That review was conducted in late 2022.

Senator SHOEBRIDGE: Obviously the NSSG would have had broad consultation across Navy to do the scope review of a project that size. You weren't just sitting in your own little dark corridor down the end of Russell, were you?

Mr Chandler: No, that scope review was done collaboratively between NSSG and ASC predominantly. There was some Navy involvement as well.

Senator SHOEBRIDGE: What was the navy involvement?

Mr Chandler: It was from Submarine Capability Branch.

Senator SHOEBRIDGE: Admiral Hammond, who did Submarine Capability Branch report to?

Vice Adm. Hammond: That reports to the head of Navy capability, who reports to me.

Senator SHOEBRIDGE: I'm assuming, on a project as important as LOTE, you would have looked at the 2022 scope review that was done while you were Chief of Navy; you would have looked at it.

Vice Adm. Hammond: Yes. Let me just go back a little bit. In September 2022, three months after I was appointed, I went to Sweden to talk to Kockums about life-of-type-extension sustainment activities on their class of submarines, which is the sister class to the Collins class. That was then fed into considerations for our investment committee submission in December 2022. The scope review that NSSG are referring to was also fed into that submission. So it was all consolidated into advice through the investment committee. That ultimately went to government decisions in March 2023. So, in that context, yes. I was aware of the review. I didn't participate in the review, but it ultimately led to consolidated advice to government.

Senator SHOEBRIDGE: While you were in Scandinavia talking to Saab Kockums did you ask them about their 2014 advice to Navy and to Defence, pointing out all the extreme risks with the life-of-type extension, and their written report saying that a program of that scope needed the same resources, the same risk management, as an entirely new platform would require? Did you ask them about that?

Vice Adm. Hammond: That was on my radar, as was the government direction to review the feasibility of inserting Tomahawk land attack missiles into the Collins class submarine during the sustainment activity. In that context, the scope and program of the life-of-type extension were already under review.

Senator SHOEBRIDGE: But how is it that you didn't then pull up the scope review in 2022, which was being completed at the end of 2022, and say: Well—hang on—what on earth is going on here? This is based upon ripping the guts out of it and putting French-style guts into it. We're no longer doing the French submarine plan. What on earth are you doing continuing down this high-risk pathway? Why didn't you ask that question in 2022?

Vice Adm. Hammond: I did. We were already reviewing the program, noting, in 2022, we had a program of record directed by government which we were executing. We were working with our capability partners in ASC who were working to deliver that program. We were aware of the risks. We were having conversations inside the department, including scope review, about the risks. Ultimately, in March 2023, we were recommending a review, particularly of the optronics program, which had already been purchased in 2021, and of removing that from the life-of-type extension program because it increased the risk to the program.

Senator SHOEBRIDGE: Your version of events, Admiral Hammond, is in stark contrast to what the ANAO found. The relevant part reads:

Although Defence undertook a LOTE project scope review in 2022, the review did not examine alternative delivery approaches or test whether continuing with major system replacement remained justified. Work to identify possible alternative approaches to deliver a life of type extension for the Collins class submarines commenced in June 2024, however Defence continued to progress major system replacement as the preferred approach until October 2025, when risks were unable to be reduced to an acceptable level.

How is your version of events so at odds with the Audit Office?

Vice Adm. Hammond: I'll refer you to my estimates testimony, which is publicly available in *Hansard*, which I did bring to the attention of the ANAO.

Senator SHOEBRIDGE: Well, I might refer you to your estimates evidence, because I went back and had a look at it. And it's pretty extraordinary now I look at it, because I remember asking you about LOTE and LOTE lite in October 2025. Do you remember that exchange?

Vice Adm. Hammond: Yes. Do you remember my comments from February 2024, where I stated very clearly that the scope was under review, particularly the optronics system, and that we'd nearly completed advice to government on the inclusion of the Tomahawk land attack missile? That was February 2024.

Senator SHOEBRIDGE: Why don't we go to the exchange in October. On 9 October 2025 I asked:

The LOTE program, the life-of-type-extension program—I could ask you, CDF, but perhaps the chief of Navy, Vice Admiral Hammond, could answer. Is it on track? There are disturbing reports that there's now this new LOTE lite. Is it LOTE lite?

And you said:

There has been no change to the program of record for the Collins life-of-type extension program.

Vice Adm. Hammond: That is correct, and it did not change until the government made the decision to change the program in May 2026.

Senator SHOEBRIDGE: I then asked you:

There have been repeated concerns that there are engineering challenges which haven't been resolved for LOTE and that it's still in a design scoping phase. Is that still the case? Is it still in a design and scoping phase?

And you said:

There has been progress since the last estimates hearing. We have developed advice for government consideration in accordance with previous submissions to provide a contemporary update on the way ahead ...

Then, when I asked you further, I said:

Yes, but, if the LOTEs don't go ahead, what's the horizon? How long can the Collins be sustained without LOTE?

And you said this:

There's no suggestion the LOTE won't go ahead. The program of record is unchanged. The life-of-type-extension program will commence in the middle of next year with the arrival of HMAS *Farncomb* into Adelaide, as per our previous testimony.

Vice Adm. Hammond: That's correct. It's unchanged. It is a life-of-type extension for six submarines. The strategy to deliver the program has changed as a result of extensive analysis that has been ongoing since late 2022.

Senator SHOEBRIDGE: Admiral Hammond, you said repeatedly:

The program of record is unchanged. The life-of-type-extension program will commence ...

When I asked you if it is on track, you said that there was no change to the program of record. Was that some sort of obscure language to try and hide the truth? You absolutely knew—or, if you didn't, you were grossly negligent—that as of October 2025 this LOTE program was in a terrible irremediable mess. The evidence you gave this committee gave the exact opposite impression, didn't it?

Vice Adm. Hammond: I reject that characterisation. My advice to this committee has been consistent. This program has been under review, and we have litigated this. It is a matter of public record, in the *Hansard* on a number of different occasions. Secretary Moriarty also testified to the fact that this has been a subject of regular reports to government. I think his testimony in October 2024 is relevant. The reality of a program like this—it is a decision of the Australian government to change the strategy. We have been delivering analysis and advice to government as we work through the complexities of this unprecedentedly complex program. When the government changes the strategy, that's when we change the strategy.

Senator SHOEBRIDGE: Was it under your leadership, as Chief of Navy, that you bought a bunch of generators, a bunch of batteries and a bunch of engines designed for a French submarine that you weren't even going to get? Was it when you were Chief of Navy that the Australian public paid for a complete refit with a bunch of engines, generators and batteries that are now sitting in a shed because they don't fit in the Collins class submarine? Was that when you were Chief of Navy? Is that part of being on track?

Vice Adm. Hammond: I inherited this program. We commenced the analysis—

Senator SHOEBRIDGE: Did you buy them while you were Chief of Navy?

Vice Adm. Hammond: The program of record, which we were executing—

Senator SHOEBRIDGE: Did the Australian public pay for a full set—a bunch of diesel generators, batteries, the whole works—to fit in a French submarine that don't fit in a Collins class submarine and that are now sitting in a shed at unknown cost? Was that while you were Chief of Navy?

Vice Adm. Hammond: The contract with ASC was to deliver the life-of-type extension. I didn't purchase any diesel engine—

Senator SHOEBRIDGE: Was—

CHAIR: Senator, let the witness answer your question.

Senator SHOEBRIDGE: Was that while you were Chief of Navy? Why can't you answer the question?

Vice Adm. Hammond: I can answer the question. I inherited a program. Those purchases were made early in my tenure, consistent with the departmental obligation to deliver the government's program. The advice around the complexities, the technical risk, burndown or lack thereof and the cost and schedule pressure came to light in 2023. We continue to work on advice to government to reduce the scope of the program, to reduce the technical risk, whilst ASC continue to deliver their responsibilities as the capability partner.

Senator SHOEBRIDGE: How much did we pay? How much did the Australian public pay, while you were Chief of Navy, to buy a bunch of generators and batteries and other equipment that do not fit in the Collins class submarine?

Vice Adm. Hammond: Just to be clear—

Senator SHOEBRIDGE: How much did Australian public pay?

CHAIR: Senator and Vice Admiral, just hang on a minute—Minister?

Senator McAllister: I was probably going to make the same point you are, Chair, which is that Senator Shoebridge is perfectly entitled to ask questions but that it would be courteous to listen to the answers that are being provided by Vice Admiral Hammond.

CHAIR: I've been trying to be flexible. I appreciate there's a bit of to-and-fro, but can we just get back to asking the questions and getting answers, and then we'll go backwards and forwards. Admiral?

Senator SHOEBRIDGE: How much have we paid?

CHAIR: Senator Shoebridge, Admiral Johnston had something to add.

Adm. Johnston: I was just going to say that, if Senator Shoebridge is interested in the purpose of the electric motors and the generators, the officials can explain to you the purpose of that acquisition and what has been done with that equipment. Your characterisation that it does not fit into the Collins is not accurate. We could illuminate some of the facts around that purpose and what that opportunity continues to provide with that equipment.

Senator SHOEBRIDGE: Can we get an answer before you try and go down another path. It was perhaps one of the most simple questions in budget estimates: how much?

CHAIR: I think the secretary was about to add something.

Senator SHOEBRIDGE: Just a figure.

Ms Quinn: I just wanted to clarify the responsibilities of the LOTE program and how they're distributed within the department. The Navy provide advice on what they need. In terms of the acquisition decisions of equipment et cetera, that is undertaken by the department. It's the expertise within the Navy and the expertise within the sustainment group. So, when you're asking Vice Admiral Hammond about how much he decided, the technical decision-maker in terms of purchasing equipment is not the Navy.

Senator SHOEBRIDGE: Ms Quinn, I didn't ask how much he decided; I understand somebody else worked out the price. I just want to know how much the Australian public paid for a bunch of generators and a bunch of engines that fit in a French sub that we decided not to buy half a decade ago. How much did we pay?

CHAIR: That'll be the last question, and then I'll rotate the call.

Mr Chandler: The cost of the propulsion system is approximately \$180 million. The cost of the diesel generators is approximately \$70 million. These procurements are happening through the contract with ASC that is valued at just over \$800 million. Roughly half of the cost of that contract is for long-lead equipment, and the other half is for ASC design services. Importantly, and as the CDF has said, for the equipment that has been procured through the LOTE program, the detailed design review is complete, and it can be accommodated within the Collins class. That provides very important options that strengthen the path forward for life extension.

The batteries you are mentioning are not part of the LOTE projects. The main batteries are procured through regular sustainment of the Collins class and will be for the remainder of the life of the Collins class.

Senator SHOEBRIDGE: Mr Chandler, that was helpful. Is that \$250 million part of the \$693 million ASC has been paid so far?

Mr Chandler: Yes.

Senator SHOEBRIDGE: Alright.

CHAIR: Whilst we're on the Collins class, this isn't the first time, as I understand it, the plan for the LOTE was announced for the Collins class. In fact, the last time this was announced was back in 2021, as part of the AUKUS announcement. Is that correct?

Adm. Johnston: I'm not certain of the timing of it. Yes, 2021, was when the AUKUS announcement was made. I'm not sure if our colleagues have some insight into the public commentary at the time.

Vice Adm. Hammond: More coincidental than anything else.

CHAIR: As I read it though, under a former plan there were additional capability benefits that would have come from those upgrades compared to what the current government has now announced—the plan when we cancelled or scrapped the Attack class to obviously now move towards the new submarines as part of the AUKUS arrangements.

Mr Chandler: To extend the life of the Collins class, we require three major procurement activities to occur. One is the LOTE project. The second is effective ongoing sustainment, and the third is what we simplify as the selected capability upgrades; mostly, that is SEA 1439 in various phases. We need those three things to occur together. When you are talking about the capability part of the life extension, most of the capability benefit comes through either those upgrade projects or our ongoing spiral development of the armaments cooperative program. That is the centre of weight for capability advancement through the life extension.

With the LOTE project itself, the LOTE project was scoped to remediate the highest risks to sustaining the Collins class by that further 10-year operating cycle. The LOTE project was not designed to advance the capability. It was designed to contend with the risks of sustaining the capability. As you introduce new systems, there are opportunities for some capability benefits, but there are also risks of some capability detriments. If you could appreciate the complexity of submarine design—because the objective of the LOTE project was to deal with the risks to sustainment, in the design most of the effort has been going to mitigating any capability detriments to at least maintain the current sustainment capability.

CHAIR: What are the benefits of us pursuing this revised approach?

Mr Chandler: In managing the Collins class—and this is the same whether we're managing it pre the life extension or in the life extension—as each submarine approaches each depot-level maintenance activity, we work together across Navy, NSSG and industry to optimise the capability and availability outcomes for each submarine, of course without compromising safety. As we work to do that, the more substantial the design changes are, the more time it is likely to take to implement them, and that would mean an availability detriment—spend more time in maintenance to achieve more complex upgrades—versus, if you concentrate more on sustainment and less on upgrades, you get more availability. That's the sort of balance that we would take, and a central consideration in this revised approach is to optimise the availability of the Collins class into the medium term.

CHAIR: When the Attack class program was cancelled, what kind of impact did that have on the LOTE program?

Mr Chandler: In terms of the LOTE project—and this is in line with the ANAO report—there were technology synergies with the Attack program. They were stronger in some areas, like the optronics capability that was briefly pursued, but still had similar technologies in other areas like propulsion. Those synergies were lost, but beyond those synergies—and that's a point that's made with the ANAO—there was an industrial-confidence consequence of the Attack program cancellation. That was a significant consideration, particularly in the early management of Collins following the Attack cancellation, and remains a consideration to this day.

Another consequence of the Attack cancellation, while managing the Collins part of the program, was that Attack was cancelled and replaced by a nuclear-powered submarine pathway that was not announced until early 2023. So in that 2022 period, when we were doing the risk assessment that Senator Shoebridge called out—the risk assessment terms of reference did include consideration of the change of context—yes, the change of context included the loss of synergies, but it also included the industrial-confidence aspect and also included that we weren't sure, at that time, what the nuclear pathway would bring. We were very focused on continuity of the Collins capability. Where we had risks with mitigations, we did not go out of our way to question those, because we were more interested in focusing on mitigating other risks to continuity of the Collins capability.

CHAIR: So there is lower risk, then, when it comes to the new approach that was announced by the Deputy Prime Minister.

Mr Chandler: Yes. With the passage of time, the design for the LOTE upgrades has matured. We now have a good understanding of the intrusive nature of those upgrades and the time it will take to implement them. The other important thing that has happened is that our understanding of sustainment remediations that were applied at the start of the decade has flowed through to several years of improved sustainment performance and a better comprehension of the viability of those. The risk calculus has essentially shifted between 2022 and now. In 2022, we thought the upgrade path was lower risk to sustainment, and now we think that the bolstered sustainment approach is lower risk than the upgrade path. That's essentially the shift.

CHAIR: I'm also interested in stepping out the timeline of action of this government. When did the government initiate the independent assurance activity on the LOTE?

Adm. Johnston: Are you referring to the Valdez report?

CHAIR: I am, yes.

Vice Adm. Hammond: That was October 2023.

CHAIR: For the committee's benefit, what was the purpose of this?

Vice Adm. Hammond: In March of 2023 the optimal pathway was announced. As my colleague just mentioned, we then had a new sightline as to what we were bridging Collins through to—no longer to the Attack class program but to the Virginia class program. That enabled us to initiate a more fulsome review. The Submarine Advisory Committee provided fulsome advice around the risks, in July 2023, that highlighted the ongoing challenges burning down technical risks and cost and schedule risks with the legacy plan.

In August 2023 I initiated the three-star Capability Manager Steering Group, which brought together all the stakeholders to look at those risks, to acknowledge that the aim point had changed to the Virginia class program and to provide additional government advice regarding risk reduction options. That resulted, as I understand it, in the independent review with Ms Valdez from October 2023, which ultimately provided additional advice in 2024.

CHAIR: Is it right that the Collins was elevated to a project of concern in 2024?

Vice Adm. Hammond: That was in November 2024.

CHAIR: When were alternative LOTE options that incorporated the findings of the Valdez report finalised and approved at the department level?

Vice Adm. Hammond: There were two elements to this. I met with Ms Valdez in October 2023. We discussed their shared concerns, particularly around some of the obsolescence assumptions that went into the original program, which we referred to in the 2014 timeframe. Some of those assumptions, which spoke to obsolescence concerns for the Hedemora Diesel main motor propulsion switchboard et cetera, were no longer proving to be valid more than 10 years later, which illuminated a possibility of bolstering sustainment rather than doing the heavy engineering redesign.

Ultimately, there were two tranches of advice. The first one was in May 2024, where we provided advice to government about no longer pursuing the optronics installation and cancelling all further orders. Once the Tomahawk integration project had culminated in advice that it was technically feasible but unlikely to provide value for money, that engineering team were then pivoted to conduct an analysis of options to provide the bolstered sustainment advice to government. Ultimately, an integrated team of about 100 experts from Navy, NSSG and ASC looked at about 30 different options. That resulted in the 2025 advice to government and then a 2026 decision.

CHAIR: So were these options presented to government this year or—

Vice Adm. Hammond: I'll quote Secretary Moriarty's testimony in October 2024 that 'there has been a constant level of engagement and advice to government throughout'. But the decision by the Australian government to change the implementation strategy for life-of-type extension was not made until May this year and announced on 19 May.

CHAIR: What work was done between those options being considered at the department level and then the options being presented to government?

Vice Adm. Hammond: I'll refer back to the Naval Shipbuilding and Sustainment Group. Most of that work occurred between NSSG and ASC.

CHAIR: Hello, Mr Chandler. Are you the right person?

Mr Chandler: Sure. Starting out with that large number of options, clearly there was work done to narrow them down to more feasible options. Four more feasible options were developed, and then further work was done to better refine those. There was particular focus and effort on exploring aspects of bolstered sustainment to ensure that that was viable. There was effort, particularly through ASC, to come up with cost estimates to support the various options. That work occurred, as the Chief of Navy said, with ongoing advice to government so that we checked with government on the direction that we were heading in and the options we were focusing on, as we settled on the approach that we have in May of this year.

CHAIR: I have just one last question: how will, I guess, the former work on LOTE now be used going forward?

Mr Chandler: I'm sorry, Senator. Could you say that again.

CHAIR: How will, I guess, the work previously done on LOTE now be used going forward? Obviously we've learned a lot of lessons. We're going to be implementing that in our approach over the next decade.

Mr Chandler: How will it be used? That would be a subject of future decisions.

CHAIR: Of course.

Mr Chandler: But the work that's done provides important options for use. We have the long-lead items for the first ship set either on order or, in some cases, received by ASC. We have the equipment. The core work scope, as we call it, for the LOTE project is through its detailed design review. That means that we now have options that are available for consideration for any submarine. Why are those options important? Because, going forward from a Collins program perspective, we're trying to optimise two things: one is the availability of the Collins for its own sake as the nation's submarine deterrent, and the other is the transition to nuclear powered submarines. Having options to either do more sustainment oriented maintenance or do more intrusive upgrade oriented maintenance gives us choices, and choice is important to being able to optimise. Hence those choices strengthen the path forward without presuming exactly how those choices will be used.

CHAIR: Senator Collins, do you have questions?

Senator COLLINS: I do. I'd like to ask about the Defence estate sale, please. Ms Perkins, on 6 February in 2026 when referring to Victoria Barracks in Sydney, Minister Marles referred to the projected costs for operating Victoria Barracks. I just wanted to confirm that, over the next 10 years, Defence would be spending another \$200 million on Victoria Barracks in Sydney. Is that correct?

Ms Perkins: I might take on notice the specific figures—I was present during that visit by the Deputy Prime Minister—just to be sure that we have the totality of projected spend across estate audit sites. I don't think I have a Victoria Barracks Sydney number specifically, but I can have a look at that.

Senator COLLINS: You are overseeing the biggest sale of Defence assets in Australia's history based on inefficiencies or costs of maintaining and operating these bases. I've got the transcript of his doorstep interview, and it says that one of the reasons why you're moving away from Victoria Barracks is because of the cost of maintenance and operations there. You said to me in your own evidence that the cost of running Victoria Barracks is 'substantially more' than Defence Plaza Sydney. You said:

It's a very large site, the heritage overlay provides an added cost every year, and there are extensive grounds to maintain.

So you must have some idea of the operating costs there.

Ms Perkins: As I said, I'd be happy to have a look at the transcript again from that press release. I don't have it in front of me.

Senator COLLINS: But do you have the numbers in front of you?

Ms Perkins: As I said, I'll take that on notice. We have headline figures that estimate the projected cost of operating sites and the projected investment necessary across all of the sites listed for divestment in the estate audit. I would just want to be certain that we weren't misrepresenting a particular site.

Senator COLLINS: This is estimates. You haven't brought these numbers to Senate estimates? This is like a fundamental part of your role, is it not?

Ms Perkins: Certainly. I think, just to come back to the purpose of the audit, the purpose of the audit is, of course, broader than just sustainment savings. The Defence Estate Audit, as the Deputy Prime Minister said at its launch and in the press conference you're referring to, really is an important part of implementing the Defence strategic review and the National Defence Strategy, and that is reorienting the Defence estate in order to support the integrated and focused force and to reorient our force posture and those investments around the current and the future ADF that we are delivering. The divestment recommendation that you're referring to is one of 20 recommendations in that audit, and I can certainly—

Senator COLLINS: It is probably the most significant, I would have thought, for Victoria Barracks Sydney.

Ms Perkins: I can certainly speak to the projected outcomes of sale costs and to the projected sustainment savings that we have worked through with government, and I'd be happy to turn to those.

Senator COLLINS: On that, what's the projected outcome of the sale cost of Victoria Barracks Sydney?

Ms Perkins: As we have canvassed in this and other hearings, while we have undertaken and verified some of the market valuations developed by the independent audit and while we work through the divestment process, we are treating those as commercial in confidence. The market valuations will be an important piece of data the Department of Finance, who, as you are aware, will be undertaking those divestments and will need to consider as they prepare to go to the market for each of those sales.

Ms Quinn: To clarify, you were quoting the press release from the Deputy Prime Minister, who was Acting Prime Minister at the time. That transcript is on the Defence website, and we would have Q&A'd and checked the veracity of the numbers at that time. You're right; Defence was characterised as having spent \$50 million in relation to the maintenance of the site, and was projected over the next 10 years to maintain the current operations at around \$200 million. Those are the numbers that the minister used, and we would have fact-checked them when they went on the website.

Senator COLLINS: Thank you; that's helpful. I might bring you back to the evidence you gave me at the previous hearing. You said, 'I can take the specifics on notice,' when I asked you about the difference in the cost of running Victoria Barracks Sydney versus the cost of running Defence Plaza Sydney. We still don't have that, and you're sitting before me again today saying that you'll take the specifics on notice. It really doesn't help us do our job if we continually get that response. If there's somebody who can help you, who is sitting here tonight, that would be very helpful.

Ms Perkins: We've taken a very large number of questions from you on notice in that inquiry. That's underway, and we are working through those as rapidly as we can. I can't really advance from there.

Senator COLLINS: On the Defence Plaza Sydney lease, three years earlier on 23 February you signed a 10-year lease. Was that the contract for more than \$230 million? Was it contract number CN3990844?

Ms Perkins: I can check the specifics of that and come back to you.

Senator COLLINS: I might come back to that in a moment, but does anybody have any idea about the ballpark of the lease for Defence Plaza Sydney? Can anybody check that now?

Ms Perkins: I would say that sounds like the ballpark of the lease, but I would want to go back and check that number for you.

Senator COLLINS: That's fine, because I've done back-of-the-envelope calculations here. You'll have to excuse me for doing back-of-the-envelope calculations, but that's all we've got to work on. What I can work out is that with the \$83 million that was invested in Defence Plaza Sydney, amortised over 10 years, and with the cost of the lease, it equates to \$314 million over 10 years for Defence Plaza Sydney. The Defence Estate Audit tells us that an average of 333 people work in that facility. From back-of-the-envelope calculations, that works out to be around \$94,000 per person.

If we do the same thing with Victoria Barracks, there are 300 ADF and APS employees, according to the Delivering the Future Estate factsheet, with \$20 million a year to keep it operational, so we're talking \$66,000 per person. You have given us evidence that the cost of running Victoria Barracks Sydney is substantially more, but my calculations tell a very different story. What's your view on that? My understanding is it makes more sense to move the employees from Defence Plaza Sydney, where they have been underutilised, to Victoria Barracks.

Ms Perkins: I'd respond in two parts. The first is that, as the independent audit review points out, Defence Plaza Sydney's new location was completed during the COVID period. It is substantially under-occupancy at the moment, and it has a much greater capacity. We are hoping to drive, through this process and in the broader goals of optimising the Defence estate and how we are postured, much greater occupancy in that building, which would reduce the per person cost as you've referred to. But the fundamental advantage for us of a site like Defence Plaza Sydney is that the ongoing maintenance and sustainment costs are substantially lower. There are, for instance, no grounds maintenance costs. As a lease facility, even in the lease agreement, some of the ongoing building maintenance that you would need to pay fully for a site like Victoria Barracks Sydney are dealt with by the landlord. Typically, in leases of that nature, there are a range of services that the landlord provides for us, whereas on a wholly Defence-owned site the day-to-day sustainment costs would fall to Defence.

One of the other advantages for us on that site is that it has been developed to modern protective security standards. We have designed it in such a way as to allow for mixed use, which can change according to need, at protective security zones 2, 3 and 4. That means that we can accommodate different defence workforces and the different kinds of work that need to be undertaken, at 'official' and 'secret' level, much more effectively.

Senator COLLINS: There's a whole lot less maintenance at Defence Plaza Sydney because there's no parade ground to look after and maintain. Is that correct?

Ms Perkins: There is certainly no parade ground at Defence Plaza Sydney.

Senator COLLINS: How does Defence Plaza Sydney contribute to our force posture?

Ms Perkins: We have large workforces in each capital city, and it has been a longstanding practice to maintain a site for largely office based work across elements of Defence. We've had Defence Plaza Sydney for decades. The benefit of these facilities—we have another, similar facility in Melbourne and we've created a number of similar facilities in south-west WA to support the shipbuilding community, and similarly in Adelaide—is that we can have a flexible approach to the defence workforce, as it changes over time, in secure facilities as the place morphs. A lot of the work undertaken in these places happens on Defence protected and Defence secret networks, which are common across our workforce, so we can cater to larger volumes of defence staff in the capital cities, depending on which part of Defence they work for.

Senator COLLINS: Can I confirm that we don't pay rent at Victoria Barracks Sydney.

Ms Perkins: That's correct.

Ms Quinn: But there is an opportunity cost for having that facility.

Senator COLLINS: What's the opportunity cost?

Ms Quinn: The alternative use of that land, or the possibility—

Senator COLLINS: For who?

Ms Quinn: for releasing that land and being able to increase the resilience and capability of other parts of the Defence estate. The review was around optimising the Defence estate, for the ability to protect Australia. That involves looking at the actual cost and the opportunity cost of the Defence estate. I would note that Defence has around 80 leases for domestic office accommodation across the portfolio. We would look at leases, but when you're looking at the ownership of assets you also have to look at the opportunity cost of what you could do instead of continuing in the ownership.

Senator COLLINS: If you want to talk about opportunity costs, Lieutenant General Gillespie, former chief of Army, is very concerned—and he's gone on the record about this—about the loss of these important metropolitan sites, including Victoria Barracks Sydney. That's an important base for many reasons, including that they conduct counterterrorism operations there, on a metropolitan site. Tell me—can you do that from Defence Plaza Sydney?

Adm. Johnston: That's perhaps a question best directed to me, and you'll appreciate that I won't go into too much detail about what our counterterrorism posture options are in Sydney. We, of course, have a number of defence sites inside Sydney. Randwick Barracks, not far away, would be another example. In our counterterrorism posture, we are accomplished at using non-Defence sites, where they're appropriate, depending on the nature of the incident. I am confident that we have the facilities that we need to be able to provide a counterterrorism response in Sydney, in the absence of Victoria Barracks, if that was required.

Senator COLLINS: Thank you, Admiral. I appreciate that. Let's step it back a little bit. Why is the biggest landholder in the Commonwealth spending a quarter of \$1 billion on an asset we don't own? When we have assets that we own, why are we spending it on assets we don't own?

Ms Perkins: Senator Collins, as you rightly point out, we are the largest landholder in the Commonwealth, and we manage 3.8 million hectares. As the secretary has already pointed out, we make these decisions based on the most appropriate spread of investment. When we analyse—and we certainly did. When we entered into the arrangements for Defence Plaza Sydney, we worked through a program of considering office based accommodation in Sydney, Melbourne and Canberra and went to the market in each of those three locations to analyse future needs and undertook value-for-money assessments before entering into a continuation of office accommodation leases in the Canberra region, a refurbishment of Defence Plaza Melbourne and a new outcome in Defence Plaza Sydney. These are choices that, when we look at the defence workforce and the office based working needs, we work through in much the same way as any other defence investment, working closely in the Commonwealth property framework, a value-for-money assessment. That was certainly the case with the current Defence Plaza Sydney and the lease we entered into there.

Senator COLLINS: I'll move on to the next topic. I'll spend five minutes on that.

CHAIR: Sure. You're within your time.

Senator COLLINS: I'll put a couple of questions on notice, just to add to your list—the average daily users at Defence Plaza Melbourne, the usable office area in Defence Plaza Melbourne, and the work points there as well, please. What is the estimated cost to keep Victoria Barracks Melbourne operational? In a question on notice from the auditors, I asked them for their submission on the conflict of interest. They had said at the time that they had submitted it. I asked, and they said that they would table it, but the QON that came back just said, 'Yes, we have submitted conflicts of interest.' If you could please chase that up for me, that would be terrific.

I want to ask about RAAF Base Glenbrook. At the last hearing I asked you about the SCIF. You took my question about the cost of the SCIF on notice, and you sent me three contracts. I'm just trying to piece all of these together. The first contract note was on 15 February for \$135,624. You did mention that the SCIF had been planned for some time. Pardon me. The initial amount was \$143,000, and then it was up to upwardly revised four months later to \$135,000. What was that initial contract for and why was it upwardly revised?

Ms Perkins: I'll just have to find the answer that I sent to you.

Ms Quinn: Do you have the question on notice number, by any chance?

Senator COLLINS: I've got the contract number. The contract note was CN3849865.

Ms Perkins: What I can tell you at a base level—and we have canvassed this in another hearing—is that the AusTender references that we sent you were for a program in the Estate Works Program. That is a program for smaller investments. They are, as is usual, notified on AusTender and then, in certain dollar ranges, referred to the public works committee. I will seek to find that specific one. As I said, I think we've taken close to 100 questions on notice from your other inquiry and had a look at that. It is not unusual in work of that nature, when you go to the market and, first of all, solicit for work on AusTender and then enter into contracts to have variations, and we notify those variations to the public works committee.

Senator COLLINS: That's fine. I also asked about the public works committee notice as well. I'd love to be able to see that too. I don't understand why it hasn't been passed on.

Ms Perkins: As our question on notice referred to, the public works committee rules—I might not have the correct term—do not allow us to provide those.

Senator COLLINS: They're public documents, though, aren't they?

Ms Perkins: Not necessarily. As we've canvassed on this particular one, it does refer to a secured facility. We do, in various ways, provide the public works committee with a level of detail. But, as I said, we were referring to their rules of how we provide information to them, so I would need to refer back to them.

Senator COLLINS: Was a whole-of-life cost analysis prepared for that? What's the whole-of-life cost analysis of that SCIF?

Ms Perkins: I'm sorry, I didn't hear the start of your question.

Senator COLLINS: What's the expected life of that particular asset, the SCIF?

Ms Perkins: Of a SCIF? I don't want to canvass the specifics of a secure facility in this forum.

Senator COLLINS: Okay. When did you first see the Defence Estate Audit?

Ms Perkins: The independent reviewers concluded and delivered their report to the Deputy Prime Minister, the Minister for Defence, on or on about 23 December 2023. I also received, as did the then secretary and CDF, a copy on that day, so I first received a copy on the—I think it was 23 December. I know that because my copy came wrapped in Christmas paper from the secretariat.

Senator COLLINS: Okay. Was that the unedited version, or was that the—

Ms Perkins: That was the version delivered to the Deputy Prime Minister, so that was a classified version, yes.

Senator COLLINS: Okay. On 4 May, you gave evidence that an estate transformation division was established in early 2024. Does the Estate Transformation Division sit within the Security and Estate Group?

Ms Perkins: Yes, it does.

Senator COLLINS: Okay. On 10 May, two contracts commenced with Brookfield Johnson Controls, one for \$3.4 million and the other for \$4.3 million. Both of these contracts were related to the SCIF at Glenbrook. Do you know why they were split into two contracts?

Ms Perkins: No. As I said before, we can go back and check those details. I would clarify that there are four divisions in my group. The Estate Works Program, which would have undertaken that approach to market and those AusTender notifications, would be a different part of my group.

Senator COLLINS: Okay. I'm going to condense this a little bit, but the contracts show that the project was \$3 million over budget in just a year. Do you know why that was the case?

Ms Perkins: I'd have to take that on notice.

Senator COLLINS: Had you read the *Defence estate audit report* before you approved the SCIF?

Ms Perkins: As I described earlier, the project you're referring to at RAAF Base Glenbrook is part of our Estate Works Program. The Estate Works Program is a very large program; it would typically have more than a thousand projects in development and delivery within it. As I said, it's managed by a different part of my organisation.

Senator COLLINS: But they report to you?

Ms Perkins: Yes, they do. Typically, the development of a program through its approvals, before the point where we move forward to tender, could take in the order of 18 months to two to five years. That program, as I said, is very large. On a number of occasions a year, as suites of projects come forward for notification either on AusTender as a forward work program—it's a minors program, so it's a program with some flexibility. I certainly review those.

You will appreciate that this project, as I believe—and I will confirm this—had its genesis before the Defence Estate Audit landed. As you are also aware, the government asked us to do additional analysis, considered the estate audit in 2024 and committed to its implementation in 2025. So what I would say about the Estate Works Program and that particular project is that they were developed substantially before the government made decisions about the implementation of the estate audit.

Senator COLLINS: I have been matching up the contracts that you sent me in relation to the SCIF and the timeline that we understand in relation to the audit report. As far as I'm concerned, according to those two timelines, RAAF Base Glenbrook was earmarked for sale before this SCIF project took off and started being built. You're overseeing both of these, and I'm trying to understand—an \$11 million SCIF. Can we confirm that that might be

the ballpark, from the three contracts that you sent me? There is an \$11 million SCIF that you're overseeing at the same time as saying this site is going to be sold. Why did you proceed with the \$11 million SCIF when you knew that RAAF Base Glenbrook was going to be sold?

Ms Perkins: Importantly, I did not know that. An independent review was delivered to the Minister for Defence. The government considered and made decisions sometime after that. But, more importantly, RAAF Base Glenbrook at that time was an important operating facility, and it remains one. The workforce on that site have a requirement for facilities. I think the difficult balance in managing the estate is always facilities to support the people where they're working.

Senator COLLINS: I'm going to have to interrupt because I'm going to get moved off here. I'm going to move it back. The transformation division for this audit was set up in early 2024. We just established that. These two contracts, \$3.4 million and \$4.3 million, were on 10 May 2025. There is a significant amount of time between those two things, so you would have had to have known that these two things were happening. Are you sitting here and telling us that you're going to sell off all these parade grounds and mess halls and the heart and soul of the Army, Navy and Air Force for financial efficiencies while you go and spend \$11 million on a SCIF in a place where you would have said to the parliamentary works committee that this is strategic enough to have an \$11 million building put into it and you knew that it was being sold off?

Ms Quinn: You've made an assertion that the purpose of the Defence Estate Audit and subsequent policy action is to reduce cost. That is one element. The predominant purpose of the estate audit is to ensure that we're using the facilities to their best capability, taking into account the opportunity cost and looking for opportunities to strengthen Australia's national defence, including strengthening properties and availability to the north of Australia to reflect the National Defence Strategy. You've also taken evidence that the Defence estate is one of the largest in the country, and, as you can appreciate, there's a sequence of decisions in government.

What the Defence estate part of the department does is manage the effectiveness of the current estate. It's subject to government decisions from time to time that require them to alter what they do. We've taken on notice the sequence of the decision-making. You're making an assertion there that someone may have known two things at the same time. We will check the accuracy of that statement, but it's not in the evidence I have before me. It's not clear. Even in the instance where a decision has been taken, there's a need for the operationalisation in the meantime if that's continuing to be used. It's a complicated process.

There's a very large amount of implementation work that the department is doing now in terms of going through, refining and thinking about sequence and capabilities and thinking about the movement of capabilities. We've taken on notice the exact timing. It's not clear to me from the evidence we've had that one person would have known two things. This is greater than just a cost-savings exercise.

Senator COLLINS: Perhaps as part of the questions on notice you could let us know whether RAAF Base Glenbrook was earmarked for divestment in the original audit report. We know things have changed along the way with at least one site. That would be helpful. How many other sites to be sold off have had major upgrades in the last five years? That would be very helpful. Thank you very much.

CHAIR: Senator Shoebridge.

Senator SHOEBRIDGE: Just before you go, Ms Perkins, I think you said you'd give some figures to my colleague Senator Collins about certain up upkeep. But I recall that, while we were at Victoria Barracks in Melbourne, you gave the annual upkeep cost for Victoria Barracks in Melbourne as about \$900,000 per annum.

Ms Perkins: Yes, we were wandering through the convivial environments of Victoria Barracks, Melbourne. I think I conflated the projected future investment required, and there's an important point here—thank you, Senator—which is the way that we break out the sustainment costs of a site and the sustainment costs for people on site and plan future investment. As I was discussing with Senator Collins earlier, we can speak to those at a whole of a state audit set of costs or we can speak to them in terms of the global annual spend. I suspect the number that I had with me as we were wandering around wasn't quite the right number.

Senator SHOEBRIDGE: So is it more or less than \$900,000?

Ms Perkins: I just think it's a different measure. As I was just describing to Senator Collins, we have a program, the Estate Works Program. It's a minor works program, as we've rehearsed here, regularly advertised on AusTender. We plan ahead for sites for the Estate Works Program.

Senator SHOEBRIDGE: My question was: was it more or less? We're getting a very long answer, Ms Perkins, and while we have a fair amount of time, we don't have an indefinite amount of time. If it's not \$900,000, as you said, to maintain the Victoria Barracks in Melbourne for a year, and if you haven't got the figure now, could you

please provide on notice what the cost is to maintain the physical site—not the people, the physical site—of Victoria Barracks in Melbourne.

Ms Perkins: I will take it on notice.

Senator SHOEBRIDGE: Can you provide the same figure for the Victoria Barracks in Sydney.

Ms Perkins: We will take that on notice.

Senator SHOEBRIDGE: Can you provide the same figure for HMAS *Penguin* in Sydney, and can you provide the same figure for Lancer Barracks in Parramatta.

Ms Perkins: We will take that on notice and, as I said, describe the ways in which that sustainment program works in different cost categories.

Senator SHOEBRIDGE: I don't need an essay. I just need to know how much it costs to maintain each of those three sites given that one of the asserted rationales—not the only rationale, but one of the asserted rationales—is it costs Defence too much to mow the lawns.

Senator McAllister: I don't think that is a fair characterisation, Senator Shoebridge. I know you enjoy a cute turn of phrase—

Senator SHOEBRIDGE: I heard earlier 'to maintain the grounds'.

Senator McAllister: but I don't think that is in any way accurate reflection—

Senator SHOEBRIDGE: Ms Perkins said 'maintain the grounds'.

Senator McAllister: of what officials have told you about this over this hearing and others.

Senator SHOEBRIDGE: I distinctly heard the reference to ground maintenance. I distinctly heard the reference.

Senator McAllister: Even if that were the only feature—

Senator SHOEBRIDGE: Maybe it's a bit awkward—

Senator McAllister: [inaudible] to the phrase that you used.

Senator SHOEBRIDGE: that an organisation like Defence has taken an interest in the cost of mowing the lawns—

Senator McAllister: I'm just making the obvious point that there are only so many jokes that we can just absorb into—

Senator SHOEBRIDGE: You want to justify your sales however you like.

CHAIR: Alright senators. Thank you. Please let's not talk over each other.

Senator SHOEBRIDGE: Justify it as you like. Ms Quinn, did I hear you correctly—I thought I heard you say this, and I've just checked the captions—when you were being asked questions about the fact that we are now getting three second-hand Virginia class vessels rather than two second-hand ones and one newly built one, you said, 'So Australia's position is that we would always have had a preference for three in service.' Does that accurately record what you said?

Ms Quinn: No, I did not use that characterisation of the submarines. I believe I used the term 'in-service submarines'.

Senator SHOEBRIDGE: But that's what I said.

Ms Quinn: You didn't say 'in service'. You used a word—

Senator SHOEBRIDGE: No, I absolutely did. I said that you said, 'So Australia's position is that we would always have had a preference for three in service.' Is that what you said?

Ms Quinn: There were two parts to your question. You referred to the submarines as something other than in service, and the—

Senator SHOEBRIDGE: You can say 'second-hand'. It's okay.

Ms Quinn: The correct terminology is in service. When I was asked about the sequence and there was a discussion back and forward about whether it was ourselves, the UK, the United States or someone else who discussed it, I was talking about the ongoing conversations that there have been on phase 1 of the AUKUS agreement. I did state that there was always a desire to look at the option of having three in-service facilities. There was a decision, jointly, between both parties—Australia and the United States—balancing up all the different characterisations and all the different risks and opportunities to go with two in service and one new. There has been

ongoing work by both parties over time, and the joint decision is now to have three in-service Virginia class submarines.

Senator SHOEBRIDGE: Ms Quinn, I'm just asking you about something you said barely 1½ hours or two hours ago. You said, 'So Australia's position is that we would always have had a preference for three in service.' Do you stand by that evidence?

Ms Quinn: From a technical characterisation of the sustainment costs, training of staff, simplicity of the program, then, yes.

Senator SHOEBRIDGE: So why did Australia not say something in March 2024 when the *Report to Congress on the annual long-range plan for construction of naval vessels for fiscal year 2025* said this about the US planning, 'The Navy's current planning assumption for phase 2 envisions sales of in-service Virginia class SSNs in FY32 and FY35 and initial delivery of a new construction Virginia class SSN in FY38'? Did you object to the US's published delivery plans when they made that report to congress in March 2024? Did you say something? Did anyone say anything?

Ms Quinn: There were back-and-forth discussions between the parties. The joint decision was to go with two in service and one new. That was the agreed optimal pathway—that is the phrase that people use. The Australian Submarine Agency would be delighted, I'm sure, to take you through the process and discussions about the lead-up to the optimal pathway. There was an agreed position to have two in-service and one new. There is a logic to having three of similar class, and there are always trade-offs in making these decisions. The circumstances are now, and we have made a joint decision to have three in-service.

Senator SHOEBRIDGE: It's only in AUKUS world that we get bizarre terms like 'optimal pathway'. But it kind of has a standard English sense to it, doesn't it—'optimal pathway'? If the optimal pathway in March 2024 was two second-hand ones and one new one, how do we understand your evidence now that Australia's position is that we would have always had a preference for three in service? How does that interact with the concept of an optimal pathway, which is contrary to that?

Ms Quinn: I think a lot of these technical questions would be better answered by the Australian Submarine Agency, but there is a logic to having three of a similar class—

Senator SHOEBRIDGE: No—

Ms Quinn: There are lots of considerations that go into a complex program of this size. There was a joint decision—there's no entirely free optimal path. Everything is always a constrained optimisation based on the evidence at the time, based on the cost-benefit analysis and all the other risks, which are more judgement based because of the speed and time—

Senator SHOEBRIDGE: You can't have two optimal pathways.

Ms Quinn: You can absolutely have two constrained optimal pathways.

Senator SHOEBRIDGE: You can? I've never heard the term 'constrained optimal pathways' until tonight.

Ms Quinn: Constrained optimisation is absolutely core to policymaking.

Senator SHOEBRIDGE: So this is the new AUKUS term. We no longer have an optimal pathway. We now have a variety of constrained optimal pathways.

Ms Quinn: I'm not changing the—

Senator SHOEBRIDGE: AUKUS is not only doing damage to the Australian public purse; it's now destroying the English language.

Ms Quinn: I don't believe that's the characterisation I would make. It's always been the case in public policymaking when doing analysis that there's a constrained optimisation—

Senator SHOEBRIDGE: Well, until you joined the team, we never had the concept of multiple constrained optimal pathways. This is a new level of complexity you bring to AUKUS.

Ms Quinn: I don't believe that is true. There are constraints in life of time, money, capability, risk. Every time there's a decision about the costs and benefits of a path forward in policy, there is an optimisation process that can be based on hard evidence or can be based on judgements and calculations of decision-makers. It is always in a constrained environment. I'm a trained economist, and that concept of constrained optimisation is absolutely core to the discipline.

Senator SHOEBRIDGE: Admiral Johnston, why is 2 June 2026 the first time we've heard about the fact that there are multiple constrained optimal pathways for AUKUS? Why has it always, until 2 June, been an optimal pathway? Has this always been on the cards? Have you been discussing multiple constrained optimal pathways?

Ms Quinn: I'd just like to be clear that you have misconstrued my evidence, Senator. I would like to be very clear that the government made a decision about an optimal pathway. It was announced back in 2023. Since then, there has been new information and further discussions with both the Australian and the US agents. There has been a further update to information, and the government has made a decision that has adapted and has responded to the circumstances. It is clear from the evidence before it and the process we've gone through that this simplifies the delivery of capability for Australian submarines, which is at the bedrock of our *National defence strategy* to defend the nation.

Senator SHOEBRIDGE: We will come to whether or not Australia would be capable of maintaining different types of Virginia class submarines, consistent with what on earth—we're spending \$8 billion to build such a facility for the US at HMAS *Stirling*. We can come to that later. For now, I'm a bit confused because of your evidence about multiple constrained optimal pathways. You seemed to be suggesting in your earlier evidence that it was always Australia's preference to have three second-hand ones, and you try and justify that by talking about multiple constrained optimal pathways. Did Australia—

Ms Quinn: Just to be clear, I did not use—

Senator SHOEBRIDGE: Let me just finish the question. Did Australia say to the US, when they did the report to the US Congress and the US Congress adopted their shipbuilding program, 'Actually, this is not our optimal pathway; we'd rather three second-hand ones'? Is that what we said in March 2024 when the US Congress adopted a different plan?

Ms Quinn: As you know, I wasn't in the role right at that time.

Senator SHOEBRIDGE: Admiral Johnston?

Ms Quinn: But there was always a conversation about how many would be in service. As you know, there's also an opportunity to have more than three if that was amenable to both parties. So there have always been contingency options within the optimal pathway. The circumstances have changed. People have relooked at the analysis, there's been discussion, and the joint decision now is to have three in-service Virginia class submarines. I never said there were multiple optimal pathways at any point in time. I said there is a constrained optimisation problem that occurs at different points in time.

Senator SHOEBRIDGE: That makes it very clear. Australia has taken more than \$4 billion over to the US. I think at different times the defence minister has gone and handed over novelty cheques to Donald Trump—

Senator McAllister: Again, Senator Shoebridge, you love a handy phrase, but I wonder if we could just ask questions without these embellishments, because officials are not here to offer opinions on your political commentary. They're here to provide facts to you about the nature of what's occurred.

Senator SHOEBRIDGE: Well, I've got constrained political pathways that are operating—

Senator McAllister: If you wish to ask highly political questions, then we're going to have to have a really political conversation about it. I think you'd probably prefer just to have a normal estimates discussion.

Senator SHOEBRIDGE: Well, we know—and we'll come to this later—about whether or not Admiral Hammond thinks we should have any politics in AUKUS. He doesn't think we should. He thinks it should all be an apolitical kind of lovefest inside Russell. But I think there is some politics in AUKUS. You and I may disagree on that. I think there's a lot of politics, and part of the politics is giving \$4 billion to the US government for what is described as 'industrial uplift' so they can increase the number of new Virginia class submarines they're producing. Admiral Johnston, do you remember discussions about the huge amount of money that Australia is giving to the US for industrial uplift to build new Virginia class submarines?

Adm. Johnston: These are questions best placed to the Australian Submarine Agency. You're talking about the sovereign industrial base uplift that was part of the Australian payment. I'd encourage you to ask your questions to that agency.

Senator SHOEBRIDGE: You see, Secretary Quinn, the Australian public might have been under the misapprehension that, if we're giving the US \$4 billion so that they can produce, hopefully, more new Virginia class submarines, we might get a new Virginia class submarine. What do you think the Australian public makes of us putting \$4 billion into the US industrial base to produce more new Virginia class submarines, and we get the equivalent of a second-hand Corolla out of them. What do you think the Australian public makes of that?

Senator McAllister: Again, Senator Shoebridge, you're asking, effectively—

Senator SHOEBRIDGE: Sorry, an in-service Virginia.

Senator McAllister: You're asking the official to engage with a highly partisan approach to defining the questions.

Senator SHOEBRIDGE: Well, Minister, you answer the question. What do you think the Australian public would make of your government giving \$4 billion to the US so they can make—hopefully; it hasn't worked out yet—more new Virginia class submarines, and then in return we get some 15-year-old renovated ones? What do you think the Australian public makes of that deal?

Senator McAllister: I think the Australian public expects the Australian government to make investments in defence that are commensurate with the deteriorating strategic circumstances that have been described in this committee over many, many sessions in which you have participated. It is our strong view that the AUKUS project, which involves an incredibly high level of collaboration across the three AUKUS partners, is critical to our national security and that's why we've backed it so hard. It is complex to lift the industrial capability in each of our three countries sufficient to meet the strategic objectives and the capability requirements that we have defined under this program. We're happy to defend that, because we think it's an essential part of our national security objectives; it's why we're making the investments that we are.

You, I understand, in fact don't support this, like you don't support so many of the investments that we are making in defence. It isn't clear to me what the Greens actually think should happen in terms of the defence of the country, or whether you indeed support having a defence force. So we're on a very different page about what is required for the defence of the country, Senator.

Senator SHOEBRIDGE: We certainly are!

CHAIR: We'll come back to you later on, Senator Shoebridge. Senator Paterson.

Senator PATERSON: Thank you, Chair. Could Vice Admiral Hammond come forward for this bracket, please? Vice Admiral, am I right in recalling that you were with the Prime Minister in San Diego in March 2023 for the announcement of the optimal pathway?

Vice Adm. Hammond: Yes, that's correct.

Senator PATERSON: I think I recall an infamous photo of you on the waterfront in your Rabbitohs caps! Has it always been your view that it would have been preferable to have three in-service Virginia class submarines?

Vice Adm. Hammond: The announcement in March 2023 specifically stated that Australia would buy three Virginia class submarines. It was not more prescriptive than that at that time. The make-up of those three has been the subject of discussion between the ASA, in particular—it's responsible for delivery of the Virginia program—and the United States.

From a sustainment perspective, it is much more efficient to maintain three platforms of the same configuration baseline. It means you only need one training system and one supply chain. It's much more efficient. A mix of different blocks would require additional spare parts and an additional training system. So, in that context—as a capability manager and looking at my successors' inheritance in already sustaining Collins class submarines and Virginia submarines over the next six years—simplification is our friend.

Senator PATERSON: When was it first made public that it was our plan to acquire two in-service and one new Virginia class submarine?

Vice Adm. Hammond: I would refer that question to the ASA.

Senator PATERSON: Right. When did it become your view, that you've just expressed very strongly, that it would have been more optimal to have three in-service submarines?

Vice Adm. Hammond: From a capability manager's perspective, simplification is my friend. So three of the same platform is a better outcome than a mix of problems.

Senator PATERSON: But when did you come to that view? Recently, or have you always held that view?

Vice Adm. Hammond: I think I was asked for a view during my visit to the US in April. There were discussions with the US Navy. That's my view, that the sustainment of three vessels of the same design is much simpler. The—

Senator PATERSON: April of this year?

Vice Adm. Hammond: Yes.

Senator PATERSON: So prior to that you hadn't been asked about your preference by the United States or anyone else?

Vice Adm. Hammond: My recollection is that it was the conversations which occurred in April. It might have occurred last year as well. There have been a number of different conversations and a number of visitors to Australia.

Senator PATERSON: Sure, but I understood Secretary Quinn to say in evidence before the break, 'It has always been our preference to have the three in-service submarines'. But it sounds to me like you have only very recently expressed that view.

Vice Adm. Hammond: Senator, I don't hold decision rights on this. When I have been asked for a view, I have expressed a view. But, as the Chief of Navy, I'm not responsible for Virginia acquisition; that is the responsibility of the ASA. I have not been involved in direct negotiations around this program. Again, that's the remit of the ASA.

Senator PATERSON: You were at the announcement of the optimal pathway with the Prime Minister.

Vice Adm. Hammond: That's correct.

Senator PATERSON: You have more than a passing interest in the acquisition of nuclear propelled submarines. I've heard you speak very powerfully about how important they are. I find it hard to accept your evidence that this is not really your concern; it's someone else's concern.

Vice Adm. Hammond: Senator, I did not say it's not my concern. I said I don't hold decision rights. I am responsible for providing advice. In March of 2023, the agreement between the three nations involved—the text is available on the internet—a decision for Australia to buy three and up to five Virginia class submarines. It has evolved since then.

Senator PATERSON: I'll come to that. Secretary Quinn, do you have access to when it was first public that we were acquiring the two in-service and one new Virginia class submarine?

Ms Quinn: I do not. That is a question that the ASA will be able to answer when they give evidence.

Senator PATERSON: Thank you. We will pursue it with them. Why have we been calling it the optimal pathway for the last three years if it wasn't in fact the optimal pathway?

Adm. Johnston: This was a similar question that Senator Shoebridge asked. The optimal pathway is defined at the time in a manner that is optimal to all of the parties involved. On the exchange between Australia and the US, which is the Virginia transfer, that was an agreement in terms of what both nations were prepared to contribute to an order of the sale of three Virginia submarines. The optimal pathway is not a single-party view but a view of all of the parties that are involved in the AUKUS arrangement.

Ms Quinn: And based on the information at the time.

Senator PATERSON: I'm advised that it was in November 2023 that Vice Admiral Bill Houston revealed the details of the proposed transfers of Virginia class submarines in 2032 and 2035, and a newly produced sub in 2038. So for almost three years it's been the public position of the governments, jointly, that the optimal pathway was to acquire a newly produced sub. But we've heard from you, Secretary, that it's always been Australia's view that it would have been preferable that they all be in service. Is that right?

Ms Quinn: I will have to go back and revisit my exact words at the time. I don't have perfect recall of what I said. I believe I said—but I would have to check—that, relating to sustainment costs, it would always be the case that three in-service submarines of similar class would reduce costs. You were talking to us about the cost estimates et cetera. You've heard from Vice Admiral Mark Hammond about the training and sustainment and supply chains. There are also the acquisition costs and the timing of when these Virginia class submarines would be available. So there are multiple questions in any discussion with the information available at the time and a joint decision-making between both parties.

I don't think you can take from my idea that we thought it was suboptimal at the time. It was an optimal pathway, a joint decision, that was the best option on the table, taking into account the need to get ships—boats, sorry, to use the right terminology—in the water for our national defence. There have been subsequent discussions and considerations with more information to hand, including what's happening in the United States and what's happening here, and we have a joint decision to move to three in-service Virginia class submarines.

Senator PATERSON: I understand that perspective, and it may well be, given the circumstances we now find ourselves in, that this is the new optimal pathway. But some of the information that you've talked about is not new information. For example, Vice Admiral Hammond, you said that, from a sustainment and maintenance point of view, it is more straightforward to have three in-service submarines. That's not a new revelation, is it?

Vice Adm. Hammond: No, Senator. But, again, the decision rights and the responsibility for delivering the Virginia acquisition is held by the ASA.

Senator PATERSON: Sure. That's interesting. We'll pursue that with them. Chief of Navy, you're about to be the CDF, so I think it's reasonable to ask you these questions. If we've always known that it would be cheaper to maintain three in-service submarines, then why wasn't it the case that we were advocating and seeking in-service submarines? Why were we persisting with saying that a new submarine was an optimal pathway?

Vice Adm. Hammond: This is a partnership between two governments. I know you appreciate there is consultation and collaboration. There's important context, I think, in the leaders' statement of March 2023, which talks about being subject to congressional decision-making as well. The US have a considerable role to play here.

Those conversations are occurring between the ASA and the US, and that advice is being provided to government. The Australian Navy is particularly focused on phase 1, SRF-West readiness, the acquisition of the first Virginia class submarine and making sure that we have a crew ready to activate and commission the first Virginia class submarine in the Royal Australian Navy in 2032.

Senator PATERSON: Is it the case that we have always had this preference and we've just been trying to persuade our American friends that this would be a better way to go, and we've recently prevailed? Is that a fair summary?

Vice Adm. Hammond: That's a question for the ASA. I have not been intimately involved in those discussions.

Senator PATERSON: Secretary?

Ms Quinn: I have nothing to add to the vice admiral's answer.

Senator PATERSON: Admiral, you mentioned before a fourth or fifth Virginia class submarine. Is that still on the cards?

Vice Adm. Hammond: As I understand it, yes, but that's a question for the ASA.

Senator PATERSON: The Deputy Prime Minister said in Singapore this week that we can still have the option of fourth and fifth Virginia class submarines. Has any decision being made about whether they would be in service or whether they would be procured straight from the production line?

Ms Quinn: That is a question you should put to the ASA.

Senator PATERSON: How far into their service life are we going to receive the in-service submarines?

Ms Quinn: That is also a question for the ASA.

Senator PATERSON: How is it going to take pressure off the US submarine industrial base?

Ms Quinn: The detailed discussions around the interactions are also held by the ASA.

Senator PATERSON: The Minister for Defence has said we have a 'treaty-level agreement with the US for the delivery of Virginia class submarines'. What is the name of the treaty?

Adm. Johnston: I suggest we take that on notice. I don't know what the name of it is, but I'm sure we can find out for you.

Senator PATERSON: Is there a treaty between the United States and Australia relating to AUKUS?

Adm. Johnston: We might have our colleagues join us for that. Otherwise, again, that might be a question best put to the ASA.

Senator PATERSON: Perhaps, this might fall in Mr Jeffrey's area. What's the treaty between Australia and the United States relating to AUKUS?

Mr Jeffrey: The overarching trilateral treaty governing naval nuclear propulsion technology material information transfers for the Virginia class submarines is the agreement among the governments of Australia, the UK and the United States for cooperation related to naval nuclear propulsion.

Senator PATERSON: Just to clarify, is it a treaty or is it an agreement?

Mr Jeffrey: It's a treaty.

Senator PATERSON: Does the treaty reflect an agreement for two in-service Virginia class submarines and one new Virginia class submarine?

Mr Jeffrey: I'd need to check that.

Senator PATERSON: Or is there silence on that?

Mr Jeffrey: I'll take that on notice.

Senator PATERSON: Is there a contract separate from the treaty which has specified the number of in-service versus new Virginia class submarines?

Mr Jeffrey: I think that would be a question for the ASA.

Senator PATERSON: Do you have any visibility of any renegotiation of any contracts or treaties to take into account the new optimal pathway?

Ms Quinn: That is the responsibility of the ASA. There's a delineation document that's been shared with the committee that delineates the activities of the department and the agency, and they have carriage of those sorts of questions.

Senator PATERSON: I will pursue that further with the ASA.

CHAIR: Senator Whiteaker, you have the call.

Senator WHITEAKER: I also want to congratulate Ms Quinn on her appointment and thank Admiral Johnston for his work. I have some questions about the funding arrangements, both in the budget and under the *National defence strategy*. In the *National defence strategy*, how much is projected to be spent in the portfolio over the coming decade?

Ms Quinn: In the total Defence funding over the 10 years to 2035-36, it's around \$887 billion.

Senator WHITEAKER: That includes, I understand, Defence, the ASA, the ASD and the Naval Nuclear Power Safety Regulator. Is that right?

Ms Quinn: Correct.

Senator WHITEAKER: And, again, on the—

Ms Quinn: And that's funding for all aspects of Defence—not just capability but staff and sustainment.

Senator WHITEAKER: Great. How much is the *Integrated investment program* over the coming decade?

Ms Quinn: Total capability investment is \$425 billion.

Senator WHITEAKER: Okay. Since the last *National defence strategy* was released in 2024, has that figure changed? Is that figure different?

Ms Quinn: For the funding allocated to the total capability in the *Integrated investment plan*, there's an additional \$53 billion over the same time horizon.

Senator WHITEAKER: So, between 2024 and 2026—

Ms Quinn: Between 2026-27 and 2035-36 is the 10 years from here.

Senator WHITEAKER: In the 2026-27 budget, the government announced an additional \$14 billion over the forward estimates.

Ms Quinn: That's correct. That's from 2026-27 to 2029-30. That was as part of the *National defence strategy* and the *Integrated investment plan*.

Senator WHITEAKER: Is that additional \$14 billion just for the IIP, or does it go to other—

Ms Quinn: That's for the IIP.

Senator WHITEAKER: Okay. Can you just clarify where in the PBS we can see a breakdown of that \$14 billion?

Ms Quinn: The budget measures table looks at the additional funding for the IIP. It also identifies that some of the funding has been put in the contingency reserve over that horizon and it identifies that some of the Integrated Investment Plan funding will be supported by alternative financing methods. That's identified, again, in the measures table information at the bottom of the table.

Senator WHITEAKER: Great. I'll come back to alternative financing in a moment. The government announced that, together with the additional funding associated with the *National defence strategy*, the total amount of additional funding is \$30 billion over the forward estimates and \$117 billion over the decade.

Ms Quinn: As I understand it, that's the difference between the 2024 *Integrated investment plan* and the 2026 *Integrated investment plan*. Those figures are for those periods, not just between the budgets.

Senator WHITEAKER: Thanks for clarifying. I am keen to talk about alternative financing for a moment. I was in estimates last week when the Department of Finance officials were asked some questions about this, and I think there was perhaps a little bit of misunderstanding so I thought it'd be worth getting it on the record here. Can you talk us through how you define 'alternative financing'? What does that mean?

Ms Quinn: It can mean different things for different purposes. There's a range of different mechanisms the government uses in different portfolios. Some of it can be related to joint funding, where the government uses some funds to de-risk a project such that the private sector invests. That investment could be in the form of debt or equity. It might be in the form of a direct part, a component, of a project, or it could be through an entity, such as a special purpose vehicle or an investment vehicle like the specialist investment vehicles the government uses in different forms, or a government business entity. It could also be through joint projects, such as PPPs, which share risk between different parties. So there are quite a few different methods government uses across all portfolios, whether it be the infrastructure, health, industry or defence portfolios.

Senator WHITEAKER: So it's not an unusual—

Ms Quinn: It has been used by governments in Australia and elsewhere to magnify and expand the ability to provide investment. It is a very sensible strategy to de-risk projects and to attract foreign capital or domestic capital for different projects, so it has been used widely by governments of different persuasions.

Senator WHITEAKER: And just to be really clear, that definition of alternative financing includes Commonwealth investment in projects.

Ms Quinn: It could do. Yes.

Senator WHITEAKER: How much has been identified by Defence as projects eligible for alternative financing over the forward estimates and the decade?

Ms Quinn: In the government's National Defence Strategy, they identified a target of \$5 billion for the period over the forward estimates and \$15 billion over the 10 years to 2035-36.

Senator WHITEAKER: How did Defence come to that figure? What kind of projects do you envisage might be considered?

Ms Quinn: The sorts of areas within the Defence portfolio that have been identified as possible avenues have included infrastructure, such as the Henderson defence precinct. There's an opportunity with the armaments program, where we're investing in the production facilities to produce armaments in Australia for the first time in decades. There's an opportunity there to work jointly with the private sector. I actually don't know what the acronym stands for, but there's the recent investment fund proposal for the innovative armaments. There's an investment fund where the Commonwealth will put some funds in and the private sector will put some funds in. They'll then invest in armaments manufacturing. That's another option. And also the Defence estate and the building over time—building and infrastructure is a very common use of different financing mechanisms across portfolios.

Senator WHITEAKER: Are there any examples of that kind of funding arrangement being used in the Defence space?

Ms Quinn: So, as I understand it, the joint headquarters was supported by financing from the private sector, and we have the Australian Naval Infrastructure, which is a government GBE, which has had equity injections from the Commonwealth from time to time, so that's a GBE form of financing.

Senator WHITEAKER: I'll use the Henderson defence precinct as an example because, as you will come to know, Ms Quinn, that's in my local community. It's just down the road from where I live. So if funding for the Henderson defence precinct were delivered through a government business enterprise, given the infrastructure and commercial requirements as suggested in the National Defence Strategy, that would include investment from the Commonwealth. So it wouldn't be accurate to say that the Commonwealth isn't investing in—

Ms Quinn: It depends on the exact structure, but often there's a shared relationship between private funds and government funds. One of the advantages of using different methodologies is to bring the capability and the focus that comes from private funds to a project. In evaluating the pros and cons of different ways of funding and financing activity, you have to think about the benefits of 100 per cent government control and ownership versus 100 per cent private control and ownership and then the shared responsibilities in the middle. There are advantages to having project management expertise and laser-like focus on project management and capability that you can get by involving private parties in appropriate activities.

But, similarly, particularly when you're thinking about Defence, it's important that there is ownership and control for national security purposes to manage the highly regulated components of the activity. And so it's always going to be a balance, and it's going to have to be worked through in a very detailed process that we will undertake. But the point here is that the National Defence Strategy is around national defence, and we need to make sure we're working with other parties in the Australian community and Australian economy to produce the least cost pathway to get capability. We will be looking at different ways of doing that, either on the industry side in terms of capability acquisition and sustainment or on the infrastructure side where it's things like the Henderson precinct.

Senator WHITEAKER: That's very useful. It's good to have on the record that it's a well-understood approach across portfolios and that it's been used by successive governments, so thank you for clarifying that. I have a couple of questions about funding over the forward estimates. My understanding is that funding dips slightly next financial year, compared to this financial year. What's the estimated funding?

Ms Quinn: Funding does move around, year to year. Especially when you're talking about live programs, their profile of expenditure moves from time to time. It depends on the totals. I do appreciate there are a lot of numbers in the Defence world. If you're consolidating Defence and ASD funding, which is a commonly referred to measure, which is in the PBS, it goes down from \$63.2 billion to \$62.6 billion. That's partly because the government brought forward some payments into 2025-26 to meet the needs in relation to the acquisition of submarines, but there are

other reasons why some of it was brought forward, as well. It then goes up to \$65 billion and continues to rise to \$77 billion by 2029-30.

Senator WHITEAKER: So the slight dip in the next financial year doesn't reflect a cut in spending—it's just spending that's been brought forward?

Ms Quinn: It has certainly brought forward funding, and over the forward estimates Defence funding rises.

Senator WHITEAKER: Just to be clear—that doesn't include funding for the infrastructure at Osborne Submarine Construction Yard and other such funding that's been designated to other agencies with defence capabilities?

Ms Quinn: That covered ASD, the submarine agency, the regulator and Defence. They were the funds I was referring to. It doesn't include ANI funding, for example.

Senator WHITEAKER: Is the outcome for this financial year higher than what was estimated in the budget last year?

Mr Groves: Yes. Overall, there was around \$4.2 billion worth of funding, across the portfolio, moved into 2025-26—at both additional estimates and in the latest budget round—for a variety of reasons.

Ms Quinn: In the PBS in 2025-26 the estimate was rounded to \$60 billion, and in 2025-26 \$63.2 billion is the current estimate.

Senator WHITEAKER: Mr Groves, you said it was for several things. Could you tell me what those things were.

Mr Groves: The latest round that occurred as part of the budget was around \$1.8 billion. That was for an acceleration of payments associated with the optimum pathway, which we were talking about earlier, for nuclear powered submarines and also for some Navy expenditure. The amounts that moved in additional estimates were an acceleration of sustainment activities; once again, some other nuclear powered submarine movements; and additional investment into the acquisition program of the Integrated Investment Program.

Senator WHITEAKER: Thank you.

CHAIR: Senator Shoebridge.

Senator SHOEBRIDGE: Who can best answer what enduring value the Commonwealth has received from the \$693 million given to ASC for the design contract for the LOTE? Mr Chandler, don't repeat your evidence about the \$250 million. We will get to that in a second. There's \$250 million worth of equipment; is that right?

Mr Chandler: I think your question is who here is best placed to advise on value for money, and I think, of the people in the room, it would be me.

Senator SHOEBRIDGE: Alright. Good. So we've got the \$250 million worth of equipment you discussed earlier; is that right?

Mr Chandler: Yes.

Senator SHOEBRIDGE: What did we get with the remainder of the expenditure, the other \$340 million or so?

Mr Chandler: In combination, the design work that has been done and the long-lead items that have been procured create options that will allow us to optimise the future management of the Collins class through the life extension. On top of that, the design work in particular is an investment in that skilled part of our submarine industrial workforce.

Senator SHOEBRIDGE: The ASC initially said that the generators and the engine would be spares, but then they rather sensibly recanted the word 'spares' because they realised it was like having spares for a Mitsubishi when your current vehicle is a Toyota. They accepted they weren't actually spares. Are you suggesting that the \$300-odd million spent working out how to put those things designed for the French sub into the Collins can be used at some point to retrofit a Collins with them? Is that what you're saying?

Mr Chandler: Yes, they present options. We develop the work package for each depot-level maintenance activity to optimise the capability and availability outcomes without compromising safety, and we do so cognisant of the prevailing circumstances. Now, the prevailing circumstances include a range of things, like the material state of the vessel, but also the design changes that become available with the passage of time. The fact that we have the design changes and the equipment gives us options for use to assist the management of the class, going forward.

Senator SHOEBRIDGE: But, Mr Chandler, after Defence reviewed that as an option, they rejected it because of all the risk ratings in it. They rejected it for good reason, didn't they?

Mr Chandler: We didn't reject the option. We have formed a view that the option to do large-scale design changes with the passage of time is higher risk than the option of sustaining the systems that we have. It's not that they're rejected and it's not that the options won't work; it's that we've formed a view that, with the passage of time, the bolstered sustainment approach is lower risk than the large-scale design change approach.

Senator SHOEBRIDGE: Let's be clear about what the risks are of putting in these alternative engines and generators. It's made clear in the ANAO report. The 'risk that the delivery strategy will be unable to meet the objectives of the project' is 'high'. The 'risk that costs increase due to changing market conditions' is 'high'. The 'risk that the design and procurement phase of the project will be delayed and contracted milestones missed' is 'high'. The risk that the complexity and volume of the updates to be installed cannot be completed within the implementation phase of the project is 'very high'. That's why it was rejected—because of all the risks.

Mr Chandler: I'll say it again. I don't think the option has been rejected, but, in particular, the schedule for implementation and the implications for availability combined with our improved understanding, with the passage of time, over our new sustainment arrangements have shifted the balance of risk.

Senator SHOEBRIDGE: But some of the other key reasons—and no doubt this is relevant to submariners who might be put on these after the work is done. Not unreasonably, when this project was assessed and there were finally some risk ratings put in, Navy said that the only acceptable rating for 'risk that safety and seaworthiness requirements are not met by the project and the design solution is not accepted'—that was only meant to have a low risk. If it had any more than a low risk, it was failing. It was a high risk, but it's still a medium risk of basic safety. That's putting people's lives at risk because of the project.

Mr Hanley: This program, as you have articulated today, does have risk attended to it. With any life-of-type extension program that either bolsters sustainment or inserts capability upgrades, the understanding of that is about managing risk. John Chandler has articulated to you that we had a better balance of risk focusing on sustainment, where we could bolster sustainment, continue with our capability upgrades and retain the option to replace those items if deemed feasible through the passage of time and the surveillance of each of the boats as they come in.

Senator SHOEBRIDGE: It's just not feasible. The risk is that the technical performance and maturity of the solution is unable to meet the objectives of the project. When you finally did a risk assessment on it, the target, what was considered acceptable for that risk, was a very low risk, for obvious reasons, because, if you're going to spend \$2 billion doing this to a submarine, you want to make sure there's a very low risk that it won't achieve the objectives. Even with all the work, that's still a medium risk. You've spent \$693 billion having a saver on a project that no-one in their right mind would press go on. Is that what we get out of this? \$693 million on a project that's been rejected because of all the risks?

Mr Hanley: I don't support the characterisation. It hasn't been rejected. That's not what John Chandler has espoused here. We did the work to understand the engineering changes that could evolve for the life-of-type extension program. There are affordability risks, engineering complexity risks and workforce capacity risks associated with industry that made us pivot to a different approach. That approach retains the good work done by ASC in developing the design work, and it retains options for replacing various components on the platform downstream, so it is far from wasted effort.

Senator SHOEBRIDGE: The annual sustainment cost of the Collins without the load has averaged around about \$850 million a year, hasn't it? Give or take.

Mr Chandler: It was slightly higher than that recently.

Senator SHOEBRIDGE: Less than \$1 billion, around that figure?

Mr Chandler: Last financial year, it was actually slightly more than \$1 billion.

Senator SHOEBRIDGE: That was just sustainment.

Mr Chandler: Yes.

Senator SHOEBRIDGE: It was not new equipment, just sustainment.

Mr Chandler: Right, effective ongoing sustainment.

Senator SHOEBRIDGE: We're told that, under the *IIP*, the projected cost after this newly announced change from LOTE to a sustainment project, or LOTE lite—however we want to describe it—has got an \$11 billion total planned investment over the next decade. If it costs \$1 billion a year to do basic sustainment and, under this new revised LOTE, it's going to cost \$11 billion over a decade, tell me what it is other than the existing sustainment plan, because it's the same cost.

Mr Chandler: The description for the *IIP* provision of \$7.8 billion to \$11 billion is along the lines of additional sustainment selected capability enhancements and the LOTE project.

Senator SHOEBRIDGE: The *IIP* has the Collins only getting \$11 billion over the next decade.

Mr Chandler: It's in the range of \$7.8 billion to \$11 billion.

Senator SHOEBRIDGE: It costs \$1 billion a year to sustain it without doing any upgrades. Where's the money for upgrades? It's a pure sustainment project. That's all it is. We've spent \$693 million trying to work out a design thing, to put all the upgrades in and to do all of that, and now all your budgeting for is basic bare sustainment going forward.

Mr Chandler: The *IIP* includes the description, and the sustainment part of that is additional sustainment. It's not the underlying sustainment; it's additional sustainment.

CHAIR: Last question.

Senator SHOEBRIDGE: Is that in addition to the billion dollars a year for current sustainment? It's \$2 billion a year to keep the Collins fleet in the water. Is that what it's going to be?

Mr Chandler: Senator, the best I can give you is that is the wording in the current *IIP*, which is, as I said, along the lines of additional sustainment—not base sustainment, additional sustainment—the capability upgrades and the LOTE project.

Senator SHOEBRIDGE: So, using the most recent year's budget, the sustainment was a bit over a billion. The LOTE \$11 billion is on top of that sustainment. Each year we'll get about \$1 billion in sustainment, if last year is anything to go by, and the \$11 billion in the *IIP* is on top of that.

Mr Chandler: Yes.

Senator SHOEBRIDGE: So to keep what will be like 40-year-old submarines in the water is going to cost us \$2 billion a year, before we pay for staff and before we pay for operating costs. It's just to keep them in the water. Is that right—under AUKUS, one of the optimised pathways?

Ms Quinn: It's an additional capability that would be put in as part of the load process.

Senator SHOEBRIDGE: What additional capability?

Ms Quinn: As you renew systems and upgrade things as you go, there will be increased capability.

Mr Hanley: It's around the combat system.

CHAIR: Alright, we're going to take a break.

Proceedings suspended from 21:31 to 21:49

CHAIR: Senator Paterson.

Senator PATERSON: I want to follow up on some of the questions from Senator Whiteaker, on the budget, so it might be good to have the CFO back.

Ms Quinn: While the CFO is coming to the table, I might take the opportunity, if you're going to talk about budget numbers—Senator Whiteaker was asking about the 2024 and 2026 NDS. I might have said 'between the two' instead of 'combined additional expenditure'. The \$30 billion and \$117 billion were the combined additional expenditure, including both 2024 and 2026, not the difference between the two.

Senator PATERSON: Just a technical question to start with, to help me navigate the budget papers and the NDS, which I have open in front of me. Budget Paper No. 1 has a table, table 6.3, on page 225. It's estimates of expenses by function across government, and it has a 'Defence' line. Are you familiar with that?

Mr Groves: Vaguely, but I don't have it with me.

Senator PATERSON: It cites estimates of expenses by function of Defence lower than the figures we normally talk about; I assume it's excluding ASD or other agencies like that. But in the 2025-26 table it says \$52,854,000,000. Are you familiar with that figure?

Mr Groves: I'll take it on notice, but I recall that that's just the operating expenses, from an accounting perspective. I also recall a separate table that talks about the capital expenditure. There are some other items included within those numbers at the whole-of-government level that we don't include in our portfolio budget statement.

Senator PATERSON: Let's go to the PBS, then, because that is your remit. What is the estimated actual defence expenditure this financial year?

Mr Groves: As we outline in table 4a—is this across the portfolio?

Senator PATERSON: Yes—total.

Mr Groves: On page 21, it is \$63.2 billion. That's the appropriation we're getting. The expenditure may be slightly more because of external revenue.

Senator PATERSON: I've got 63,243.9.

Mr Groves: That's correct, as per table 4a.

Senator PATERSON: What is the budget estimate for the next financial year?

Mr Groves: \$62.595 billion.

Senator PATERSON: Is that greater or less than this financial year?

Mr Groves: My maths is that that is less.

Senator PATERSON: How much less is it?

Mr Groves: About \$700 million, roughly.

Senator PATERSON: I think it's \$649 million, specifically.

Mr Groves: I'll believe your maths!

Senator PATERSON: Normally, when funding in a program falls between one year and the next year, we call it a cut. Is that a cut to defence funding?

Mr Groves: It's certainly a reduction, but I would say that 2025-26 was subject to quite a significant bring-forward of funding into 2025-26, which makes it a bit of an abnormal year. As I provided in earlier evidence to Senator Whiteaker, around \$4 billion of expenditure has been accelerated into 2025-26 across both the MYEFO additional estimates round and this latest budget round.

Senator PATERSON: What did that pay for, principally?

Mr Groves: As I outlined earlier, the movements that were predominantly into this financial year—I'll categorise them in two parts, as the two major movements. What happened in the 2026-27 budget was that funding of \$1.8 billion was moved into 2025-26. Of that, \$1.7 billion was in relation to the nuclear-powered submarine program, mostly related to the industrial uplift activities in both the US and the UK—

Senator PATERSON: So payments to the UK and the US?

Mr Groves: Yes.

Senator PATERSON: Not for current capability.

Mr Groves: There was another \$100 million associated with some Navy leases that was making up the balance of that amount. There was an earlier large amount at MYEFO; \$2 billion was moved into 2025-26.

Senator PATERSON: What's that for?

Mr Groves: Once again, about \$500 million was nuclear-powered submarine related; there was another \$500 million that we moved in for sustainment and preparedness activities—that was an acceleration into the 2025-26 financial year; and the remaining billion dollars of that \$2 billion was in relation to an uplift of the acquisition budget.

Senator PATERSON: Why, if defence spending is rising so much, according to the government, is it falling in nominal terms between this financial year and next financial year?

Ms Quinn: As the CFO has said, there's been a shift in some funding from the 2026-27 year into the 2025-26 year. This is a timing shift in terms of the payments. In such cases, it is probably more helpful to look at the summation over the years. If you take 2025-26 and 2026-27 from the 2025-26 PBS, the estimate was around \$120.8 billion. If you look at this budget, the 2026-27 budget, after the release of the *National defence strategy* and the update of the Integrated Investment Plan, that number now sits at \$125.8 billion—so it's roughly a \$5 billion uplift in funding for Defence over the two years combined. That indicates there's been a timing shift in expenditure, and, if you go forward, it continues to rise over the rest of the forward estimates.

Senator PATERSON: I'll come to that now. I was very excited to hear the news from the Deputy Prime Minister at the National Press Club that there'll be a \$14 billion increase in defence spending over the forward estimates. Can you take me to the budget papers that demonstrate that \$14 billion increase, please?

Ms Quinn: The \$14 billion is articulated in the Integrated Investment Plan and the *National defence strategy*.

Senator PATERSON: I'm aware of that, but all this has to be acquitted in the budget. That's why I asked specifically for you to take me to where in the budget papers I'll find the \$14 billion.

Ms Quinn: Sure. I was just clarifying that the \$14 billion number is in relation to additional investment through the IIP. In terms of the budget, the measure description sets out where that funding is. In the PBS, it's page 18,

which mirrors the information in Budget Paper No. 2, and it includes the information about the additional funding, of which it identifies \$6.8 billion over the forwards. Some of the additional funding is in the consolidated revenue—

Senator PATERSON: Before we get to that point: there's only \$6.8 billion from consolidated revenue?

Ms Quinn: The \$6.8 billion is in the appropriations, directly articulated against the different programs in that measures table. In addition to the \$6.8 billion, there are elements in the contingency reserve and there is the \$5 billion that's been identified where the government will be using alternative finance.

Senator PATERSON: I'll come to that in a minute. But, just to be clear, from its ordinary annual appropriations, the government is only providing \$6.8 billion over the forward estimates for Defence.

Ms Quinn: Plus elements of the contingency reserve which have not been identified for various reasons, as consistent with the budget operating rules. So it's more than \$6.8 billion—they're the ones that have been individually identified over the forward estimates.

Senator PATERSON: We were told \$53 billion of investment was happening over the 10-year period, but the budget papers only specify, as far as I can see—correct me if I'm wrong—\$35.6 billion from the ordinary annual appropriations of government; is that right?

Ms Quinn: Yes, you're right; \$35.6 billion in individually identified measures. There would be additional funding in the contingency reserve as well, where they haven't been individually identified within the measures table, and then there is the additional funding intended to be sourced from alternative finance. Just to be clear: the \$14 billion uplift and the \$53 billion uplift have been identified as part of the Integrated Investment Plan. That is the target, and that is the programming funding that has been programmed by Defence to deliver capability over the estimates and the 10-year program.

Senator PATERSON: Thank you. We've heard that the balance of the funding to get to the 14 over the forwards and the 53 over the decade is going to come from alternative financing and the proceeds from the defence asset sales. Is that right?

Ms Quinn: And the proceeds in the contingency reserve, which haven't been individually identified.

Senator PATERSON: Right. Can you step that out for us—the contingency reserve?

Ms Quinn: Items are in the contingency reserve for a range of reasons to do with commerciality and confidentiality.

Senator PATERSON: Yes, but, as you'd know, commercial-in-confidence is not accepted grounds in the Senate for not answering a question.

Ms Quinn: I'm happy to take it on notice to see if the government would like to provide more information about the contingency reserves. They have not in the budget papers, but I'm happy to—

Senator PATERSON: Sorry: I just have to jump in there. It's not 'if the government would like to'; it's that they are required to provide the Senate that information, unless they can make a public interest immunity claim specifying the harm that would arise.

Senator McAllister: I think across different governments we've seen officials answer questions in this way, which is to take something on notice so they can see what can be appropriately provided to assist the Senate.

Senator PATERSON: Yes, but I'm sure you will understand, as someone who has been on this side of the table, too, that if you had heard from an official that the government would see 'if they would like to' answer a question, you probably wouldn't have been satisfied with that.

Senator McAllister: We've taken it on notice—

Senator PATERSON: Thank you.

Senator McAllister: so we can see what can be appropriately provided.

Senator PATERSON: So, we'll set aside the contingency reserve, given that I can't really ask follow-up questions without that information. How certain would you describe the alternative-financing arrangements?

Ms Quinn: In terms of some of the methods that have been used recently, there's been a great deal of interest in, for example, some of the components, and there have been conversations with private industry about their interest in considering some of the alternative-finance options. There's been a sequence and discussion around that process, and the interest has been high. The work to be done now is for us to look at the different components and work with private industry and financiers to provide the additional information. It's difficult to give a calculation, but I've been very encouraged by the feedback we've received. I've only been in the role relatively shortly, and it's been raised by me with a number of people in the private sector. And it's a great opportunity to explore that option.

Senator PATERSON: Can you break down, over the forward estimates, which financial year you expect the alternative financing to fall in?

Ms Quinn: I don't have that information before me. I'm happy to take it on notice.

Senator PATERSON: Is there any next financial year, for example?

Ms Quinn: I don't have the breakdown by year. I'm happy to take it on notice.

Senator PATERSON: Mr Groves, can you help with that, as CFO?

Ms Quinn: We'll take it on notice. We're happy to take it on notice.

Senator PATERSON: Sure, but if it's in Mr Groves's state of knowledge then he should answer now. There's no need to take something on notice if there's an official present who has the information.

Mr Groves: I don't have the exact numbers. I would say that it's fairly small in this financial year.

Senator PATERSON: Right, so we're expecting some in 2026-27—or even in 2025-26?

Mr Groves: A small amount in 2026-27. And it's anticipated to grow over the forward estimates.

Senator PATERSON: Right, so you do have a breakdown for each financial year and you can provide that?

Ms Quinn: We've taken the question on notice, and we'll come back to you—

Senator PATERSON: Sure. I'm just seeking clarification so I know what we're looking for here. This is information that's available to government. The government has it, which is why I'm seeking to clarify it. Is that right, Mr Groves? You do have this information by financial year—it's available to you?

Mr Groves: No, I've only got it in summary year over the forward estimates.

Senator PATERSON: Isn't it necessary to have it by financial year, given that we're counting on this—

Mr Groves: I just don't have it with me.

Senator PATERSON: No, I understand that. I appreciate that. But what do you have here? What do you have available now?

Mr Groves: Well, as the secretary outlined, the difference between the 53 and the 36 is largely to do with the alternative-financing amount, and that was outlined in the NDS. That was \$15 billion over the decade.

Senator PATERSON: Yes, but I'm just asking about the forwards for the moment.

Mr Groves: That's five over the forwards, of that 15.

Senator PATERSON: And you say it's generally backloaded towards the end of the forwards?

Mr Groves: It is, yes, in recognition that the projects are largely still in an unapproved process and we would have to go through full design work for those projects and also have time to go to the market, around both the build aspects and the alternative-financing aspects.

Senator PATERSON: That's what I was asking the secretary before—

Ms Quinn: Work has begun on that process. Work has begun on exploring different options, testing the market and getting feedback from proponents about what they might be interested in. Preliminary work has commenced on the alternative financing options across the different aspects of Defence estate, armaments and infrastructure.

Senator PATERSON: But no decisions have been made yet?

Ms Quinn: No.

Senator PATERSON: No contracts have been issued or negotiated?

Ms Quinn: Not that I'm aware of.

Senator PATERSON: Have specific projects been identified?

Ms Quinn: There has been work to identify the characteristics of projects in both the Defence estate and other elements. There has been work on what the options are and what people would be interested in, so we've also sourced information from the private sector, and that work is ongoing.

Senator PATERSON: What are those options?

Ms Quinn: I'm happy to take it on notice. I don't have all the details in front of me. I am aware of the discussion with industry, but I'm happy to take it on notice and see what I can provide.

Senator PATERSON: Mr Groves, do you know what the projects are?

Mr Groves: At a high level, I think the NDS spoke about three areas, being the GWEOs, guided weapons—once again, that would be looking largely at the infrastructure components associated with that; the Defence estate and some aspects of, once again, infrastructure work associated with the Defence estate; and then Henderson.

Senator PATERSON: Proportionally, how is it broken down? Of that \$5 billion, between those projects, how much would fall under each?

Mr Groves: Of the \$5 billion, I would say that about half of the \$5 billion is Henderson related over the forward estimates, and half is GWEO and estate as one line.

Senator PATERSON: How many private sector partners have been identified for each?

Ms Quinn: We haven't got to that level of detail, because we're in the preliminary stages of talking with people.

Senator PATERSON: Just explain to me how this will work from an accounting point of view. Let's say we do find a private sector investor who wants to invest in GWEO or Henderson. To make up that \$5 billion, we'd be counting all of their capital injection in those projects as part of the \$5 billion, or how would it be accounted for?

Ms Quinn: It depends on the structure of the process. If there were a capital injection, for example, into a joint project, then that would be counted differently than if it were a loan, and you account for the public debt interest—well, the interest—on that process.

Senator PATERSON: So it's possible that some of this will be loans?

Ms Quinn: It's possible, depending on the process, in terms of the structured mix of options. We are looking at all different options to derisk and provide access. It's less likely to be loans than equity or other opportunities to derisk.

Senator PATERSON: Why would we count a loan that the government makes towards an asset to being defence expenditure?

Ms Quinn: We wouldn't count the whole loan.

Senator PATERSON: That's why I'm asking this question. How would it be accounted for?

Ms Quinn: That's why I said we'd count the interest on such loans—

Senator PATERSON: So you'd only count the PDI as defence expenditure?

Ms Quinn: It depends on the structure of the entity and whether it's a GBE et cetera for accounting.

Mr Groves: There are multiple models. If you look at the joint operation centre out at Bungendore, that was a PPP. That was private investment upfront, and then that company ran the facility, and then Defence paid for it over—I can't remember—20 years, I think it was, upfront. It's not dissimilar to how work gets done around fit-outs when we take out new leases of buildings. The property owner will invest upfront in the fit-out of the building. We will then pay for that over the life of the lease. In GWEO, I'd say that there might be opportunities for us to look at companies to invest in some of the facilities upfront, and then we would be looking to pay for that as a cost as we acquire guided weapons and explosive ordnance over a period of time.

Senator PATERSON: That's what I'm seeking to understand. Let's say for argument's sake it were predominantly loans. You'd have to borrow a lot of money to get \$5 billion of PDI over the forward estimates, wouldn't you?

Mr Groves: I'm not necessarily thinking that it could be a loan. Some of the private companies might have adequate equity to invest upfront. Some might need to get a loan. I would assume that would just become part of the cost that they would then pass onto Defence. I'd also say, though, of course, all of that would have to go through the full business case process, and we would only be agreeing to it if it were value for money.

Senator PATERSON: Sure. I'm just trying to understand how it's going to be accounted for. Let's set aside the loan and say it is a capital injection. Would we be counting the capital towards the \$5 billion of alternative financing, or are we just counting any payments that would be made to the provider of that capital towards the \$5 billion?

Mr Groves: I would view the \$5 billion as how we've treated it would be like it's the investment that the government has not had to make, because there are other alternative methods, if we were to pursue private financing. Of course, that's a little bit different if the model that is chosen for some of these—and maybe Henderson is probably the best example—were to be pursued via a government business enterprise, and that would require additional government investment into an entity, a GBE. But, from a Defence perspective, both of those models would see us paying for that over the life of the arrangement.

Senator PATERSON: Exactly. That's what I'm seeking to understand. Ultimately, it's the Commonwealth paying off that asset over time through whatever the structural arrangement is going to be. Is it the 'repayments',

effectively, that you're going to be counting towards this \$5 billion in the forwards, or is it the capital injection? They're going to be very different quanta.

Ms Quinn: That is to be worked through depending on the preference for industry and, through the business case, what is the best-structured option for both the value for money and the delivery of the project.

Senator PATERSON: It doesn't sound to me to be super advanced for something that is accounting for a pretty high proportion of the claimed increase in defence expenditure that the government is making over the forward estimates. It seems very early stages.

Ms Quinn: There's been extensive discussion with private industry—

Senator PATERSON: I'm glad there's discussion, but discussion is not money.

Ms Quinn: testing the interest, and there's been significant interest expressed back. There does need to be additional work to refine it and work through the issues, and that is work that's before us.

Senator PATERSON: If, for any reason, this private financing doesn't proceed, is Defence going to be compensated from consolidated revenue, like an equivalent of a 'no win, no loss' basis?

Ms Quinn: That is a matter for government's future decision-making. We will be going through the process of working with industry and other investors to determine the best way forward.

Senator PATERSON: Sure, but this is quite important. If it doesn't, for any reason, proceed, if it falls over, is Defence going to be made whole from government to make sure that \$14 billion is actually realised?

Ms Quinn: We will provide advice to government as we go forward, and they will make decisions going forward. They have clearly articulated the intention to build capability in Australia's national defence, and they have—

Senator PATERSON: Yes, I love the intent, but I'm really interested in the actuals. This sounds like there's some risk involved and some uncertainty involved. If it doesn't end up proceeding, I want comfort that actually the \$14 billion is going to be provided one way or the other. Is it your evidence that that's not guaranteed?

Ms Quinn: The government has articulated an integrated investment plan which includes \$14 billion additional funding. We will be working to deliver that plan.

Senator PATERSON: Why don't we move to the Defence estate sales? If they don't receive the net proceeds—I think it's \$3 billion gross, \$1.8 billion net—will Defence be compensated for that?

Ms Quinn: The net outcome of the sales and the sustainment will be returned to the Defence portfolio. The Department of Finance will be the entity that looks after the majority of that sales process. We'll obviously be working very closely with them, particularly on what needs to happen from a transition perspective. The intention is that that be provided back to the Defence portfolio.

Senator PATERSON: Yes, I understand that, but, if for example we don't realise the anticipated sales at the anticipated market rates or if the remediation costs are higher or other costs are higher and the net proceeds are less than \$1.8 billion, will Defence be compensated for that?

Ms Quinn: We will be working to maximise the amount of funding available to capability.

Senator PATERSON: I'm sure you will.

Ms Quinn: The net result of that is what will be delivered to the Defence portfolio.

Senator PATERSON: Let's say for argument's sake there's a fall in property values, which appears to be happening right now in our economy, and the net proceeds are \$1 billion instead of \$1.8 billion. What happens to the gap? What happens to the \$800 million?

Ms Quinn: There will be swings and roundabouts with the sustainment cost, but the net outcome will be returned to the—

Senator PATERSON: Right. So there is no 'no win, no loss'. There's no backstop here. If we don't achieve the full value of the sales, Defence will be short however much that shortfall is.

Ms Quinn: I wouldn't agree with that characterisation. The intention is to maximise the revenue available to transform the Defence estate to be able to—

Senator PATERSON: Your intention is not in doubt, Secretary—

Ms Quinn: That is what we'll be working to.

Senator PATERSON: but you're not in complete control over this, because it's market prices for the sale of assets, and who knows what will happen with the economy, interest rates and other factors that will affect that? And so what I'm seeking to understand is: If you don't realise the net proceeds of \$1.8 billion, what happens? Do we

have to find more cuts to defence capability, or is the government going to supplement that and make sure you've got enough?

Ms Quinn: You've asked the question twice. I've answered it twice. I just want to make the extra point that there has to date been a fairly rigorous process of market sounding and testing on the likely returns. There has been some evidence where people think that they're an underestimate and some estimates where they're an overestimate. We will be going through a process with the Department of Finance where they will lead with extra capability to be able to try and maximise the Australian taxpayers the value of those, given constraints on heritage multi-use. And so it's a complicated process.

Senator PATERSON: Those constraints are very real. It seems to me from your evidence on alternative financing and estate sales that none of that is guaranteed, that there is risk involved and that the only thing that's guaranteed in the budget is actually the \$6.8 billion. That's the only thing we can be confident about unless the subsequent budget takes it away.

Senator McAllister: Every budget involves assumptions about costs and revenue sources of finance on both sides of the ledger. The advice that's provided in every budget is the best information we have at the time about what we can expect. The government has provisioned \$14 billion in the IIP. We've made clear where we think the priorities for expenditure are in that. I should say \$14 additional in the IIP. This is the ordinary process of government budgeting, and no amount of putting hypotheticals to officials can take away from the fact that it is an ordinary process of budgeting.

Senator PATERSON: Sure. I'm not seeking to take away from that. I'm just trying to understand the level of certainty around this \$14 billion. I mean, the Assistant Minister for Defence, Mr Khalil, has publicly said that this is a genuine process of consultation with communities about the sale and the government is prepared to vary their decisions about the sales based on community feedback. If, for example, the government decides not to sell Victoria Barracks, Sydney, Penguin or whatever other facility, that will reduce the proceeds to defence. And so we need to know how that's going to be supplemented if it's going to be supplemented, and the evidence I have so far is that there's no plan to supplement any shortfalls in the net proceeds. Is that right, Mr Groves?

Mr Groves: To clarify: I think the net return from the estate audit work is actually held in the contingency reserve. That is managed by the Department of Finance. We spoke earlier about some of the offsets on how we move from the \$14 billion in the NDS to what is actually in the budget papers, and the net proceeds from the estate audit are not part of that. What is in the contingency reserve is other amounts that were agreed as part of the NDS but, on commercial confidentiality grounds, have not been published.

Senator PATERSON: For my understanding, is the \$1.8 billion of net proceeds incorporated in that \$14 billion figure over the forwards?

Ms Quinn: No.

Senator PATERSON: Where is it reflected?

Mr Groves: It's reflected in the contingency reserve. The intent is that the Defence portfolio would receive—I think this was in Department of Finance evidence at estimates—whatever the net proceeds are. They will be returned to the Defence portfolio. Whether that's 1.8, which was out of the estate audit, or a different number, that that will be returned as net proceeds to the IIP. But it's not an offset for the 14.

Senator PATERSON: What part of the \$1.8 billion is reflected in the budget at all? It's not reflected?

Mr Groves: It's in the contingency reserve. I think there's a reference in BP2 that says that it is in the contingency reserve but it's not for publication.

Senator PATERSON: Right. So you can't give me a breakdown over the forwards for the financial year in which those \$1.8 billion of proceeds will fall?

Mr Groves: I can't.

Senator PATERSON: Does it exist?

Mr Groves: It's going to be managed by the Department of Finance, and—

Senator PATERSON: Sorry, Mr Grimes; you have more than a passing interest in this. If you get the sale to proceed you get the money and you get to spend it, right?

Ms Quinn: And we will be working with the Department of Finance. The Department of Finance will be the lead agency—

Senator PATERSON: Yes. I understand that.

Ms Quinn: working with the market to manage this. They have greater expertise in disposing of assets. We will be working closely with them and have been to date. It's a joint exercise but they are the lead agency.

Senator PATERSON: Sure, but you need to know, if you're anticipating \$1.8 billion over a period of time, when you're going to receive it, right? Is it set against the IIP and expenditure?

Ms Quinn: We do work very closely with the Department of Finance and other central colleagues on all matters budgetary. There is no shortage of discussion and clarification back and forth. On that particular project we'll be working very closely with them. As you say, we've got multiple interests. One is financial. The other is in terms of transition of capability; managing the stakeholder community, of which there are many; and making sure that we're doing the transition in the most appropriate way. So we will be working with them. They are the lead agency in—

Senator PATERSON: Yes. I understand that.

Ms Quinn: going to market and managing the sales process.

Senator PATERSON: To be clear, though, does Defence have plans as to how you would spend that \$1.8 billion of proceeds?

Ms Quinn: We have plans on how to spend the \$14 billion and the \$53 billion in the Integrated Investment Plan. That is the main planning document for capability.

Senator PATERSON: And if we don't realise the full value of the \$1.8 billion, your evidence is that that will not change either the \$14 billion over the forwards or the \$53 billion over the decade; it will not detract from them in any way?

Ms Quinn: That is—

Senator PATERSON: So effectively you are being made whole if the proceeds are less—is that what you're saying?

Ms Quinn: The Integrated Investment Plan is insulated, yes.

Senator PATERSON: So government will have to find that money from elsewhere.

Ms Quinn: Potentially. But it's a hypothetical situation depending on circumstances.

Senator PATERSON: It's not that hypothetical, right? I mean, maybe it will surprise us on the upside. Maybe it'll sell for more. That'd be a great problem to have. We don't know. It's uncertain, right, because we're relying on market prices and what people are willing to pay?

Ms Quinn: As we mentioned before, the overall net budget for Defence is quite a large amount, so we would manage if there were to be any shortfall, but I will be working with the Department of Finance to try to reduce that risk.

Senator PATERSON: Sure. But, if it's not realised, the government will have to find other areas from which to source this funding so that Defence is not worse off. They'll have to raise taxes elsewhere, cut spending elsewhere—it'll have to be offset in the budget, right?

Ms Quinn: As with all estimates, things can go up and down, and we'll have to adapt to that in the circumstances. There are also adjustments in here for exchange rates—

Senator PATERSON: Indeed.

Ms Quinn: which are significant—in fact much more significant than the numbers we've been talking about just recently. They go up and down, and there's an adjustment for the exchange rate, as an example, which is the \$3.6 billion—

Senator PATERSON: What is the point of the estate sales if it doesn't matter how much they sell for or how many properties are sold? Defence is still going to receive the money anyway. Why do we need to be doing this at all?

Ms Quinn: I'll go back to the evidence that Miss Perkins talked about. The National Defence Strategy has been very clear about the need for us to adapt to the context in which we're operating. That includes on our estate. There's been a comprehensive review and discussion in government about the need to look at the assets that we have and a reorientating of them to meet the capabilities that we need. It's broader than just funding; it's also the location and the services they offer. And it's broader than just the proceeds of sale; it's also the opportunity cost of maintaining or further investing in these assets. It is a decision to optimise the footprint of the Defence assets to deliver capability for our national security.

Senator PATERSON: Sure. But a big part of the government's rationale is the proceeds that it will generate. That's why we've heard about the—

Ms Quinn: It does provide an opportunity, but that's not the only reason. It's also the opportunity cost of sustainment and maintenance. It's also consolidating the footprint, because there are over 700 locations. There is simplicity and cost reduction in having fewer individual sites as well.

Senator PATERSON: Okay. Thanks.

CHAIR: Senator Roberts.

Senator ROBERTS: Thank you, officers, for appearing again tonight. My question is to the Chief of the Defence Force. On 30 August 2021, a 45M vehicle occupied by Warrant Officer Class Two Ryan Leslie and Craftsman Brendon Payne failed to take a bend on Dotswood Road near Townsville, rolled and killed both occupants. 'On 29 August 2025, an investigation was opened into the contributing factors in the rollover'—this is a quote—that caused the deaths of Warrant Officer Class Two Ryan Allan Leslie and Craftsman Brendon Anthony Payne and was due to report by 4 March 2026.' Has that investigation been completed?

Adm. Johnston: I've just been joined by the Chief of Army, who may assist me with those answers.

Lt Gen. Stuart: I can confirm that the Defence investigation has been completed and the final report was submitted to Comcare. That investigation was led by the land accident investigation team. That matter is now with the Commonwealth Director of Public Prosecutions. The details of the report—including the findings, recommendations and conclusions—are not available to me during the period of litigation.

Senator ROBERTS: Sorry, did you say 'not available'?

Lt Gen. Stuart: They've been referred to the Commonwealth Director of Public Prosecutions. The details of the report—including the findings, recommendations and conclusions—are not available for dissemination during the litigation that is currently ongoing.

Senator ROBERTS: What are the outcomes of the investigation that you can share with us?

Lt Gen. Stuart: I'm not in a position to share those outcomes with you while they're subject to litigation.

Senator ROBERTS: Can you confirm my understanding of these vehicles? The 45M five-axle heavy recovery vehicle entered service overweight, resulting in the axles sitting on the bump stops. This restricted axle movement and reduced roadholding. Is that correct?

Lt Gen. Stuart: I'll have to take that on notice.

Senator ROBERTS: The tyres were overloaded, requiring approval to run at higher loads and pressures. Is that correct?

Lt Gen. Stuart: I have to take that on notice.

Senator ROBERTS: There was no evidence of the calibration of the antilock braking stability systems for the addition of the fifth axle, higher tire pressures and unique Australian road conditions. The operator manual had been compiled for more nimble vehicles, contained errors and contradictions for safe operating speeds and tyre pressures, and did not include recommendations for Australian unsealed corrugated roads. Could you take that on notice, please.

Lt Gen. Stuart: You're effectively making a series of assertions that may or may not be included as part of the investigation that was undertaken and is currently with the Commonwealth Director of Public Prosecutions.

Senator ROBERTS: That's what I've been advised—some of the design failures or flaws in the vehicle.

Lt Gen. Stuart: Is that a question or a statement?

Senator ROBERTS: Can you confirm that?

Lt Gen. Stuart: As I've just advised, the investigation is referred to and currently with the Commonwealth Director of Public Prosecutions.

Senator ROBERTS: What administrative changes have been made to improve safety and compliance of procured capability?

Lt Gen. Stuart: I can speak to a whole range of work that we've done. We have what you might describe as a generative safety culture, which is modelled on the way that airworthiness and air safety are managed. That is a proactive culture of reporting and continual improvement. In terms of the detail as to some of the things that we have done, I'll provide some of the outcomes and then I might throw to my colleague Major General Vagg to provide some more.

First, the application of data and analytics—that is, to have systems on the vehicle that are able to provide us with both retrospective and predictive analysis as to driving habits, and, therefore, help us understand the risks. Second, we've undertaken a review of the training that we provide for soldiers and other members of the ADF to

ensure that it is fit for purpose and that we apply what we have learned from vehicle incidents and accidents. As you might appreciate, we have some soldiers who join the army who may not have even a civilian drivers licence. The kinds of conditions that we need to operate vehicles in, include not only the operation of the vehicle but also its tactical employment, whether that's by day or night, on formed roads or cross country, in any kind of season, weather or terrain. We're continually looking to update the way in which we train people to ensure that they can operate safely.

In the introduction to service, and even before that, is the selection, testing and validation of any major system vehicle or weapon to ensure that it can be operated safely and that we have properly characterised the risks that may accrue to our people, and that we have either procedural, technical or equipment based mitigations or ways of reducing the risk to our people.

Senator ROBERTS: Have you heard of a man called W. Edwards Deming?

Lt Gen. Stuart: I have.

Senator ROBERTS: You would know, then, that he led the turnaround of the Japanese producing crap to producing the best products in the world.

Lt Gen. Stuart: I'm generally aware of what Mr Deming did.

Senator ROBERTS: He said that as much as people in management like to blame or inherently try to blame people for their problems, 95 per cent of the problem is the system, which only the manager can fix. What administrative changes have been made to improve safety and compliance of procured capability?

Lt Gen. Stuart: I have a couple of points before I'll hand over to my colleague. Firstly, I'm accountable for everything that happens in the Army and the safety and wellbeing of all our people. Secondly, we operate a whole range of different systems, and in every case we seek to ensure that our people are systemically supported. We have a multifaceted approach to ensuring that equipment is safe, whether it's technical assessments, predictive analysis, the way in which we train our people, or the assurance of the safety, the maintenance and the supply chain systems. It's a holistic approach to assuring capability, assuring that those capabilities are fit for purpose, assuring that they are safe for our people to use, and assuring that our people are trained, educated and experienced to ensure that risks are managed so far as is reasonably practical.

Major Gen. Vagg: I'll reinforce what the Chief said. He is the land worthiness authority. Land worthiness is a system of checks that looks at current, in-service capabilities and also future-looking capabilities that we're going to introduce into service. We've been developing that system over several years now. It had an interim operating capability in March 2020, and we're on track to achieve a final operating capability in December of this year. That process is backed by a series of assessment tools, such as data trend analysis, that identify high-risk capabilities but also new capabilities, and we form an independent board which interviews users—from soldiers to managers, the procurement agency and other assurance agencies—and validates that the capability is fit to do what we've acquired it to do and that it's fit and safe to operate, as the chief discussed.

That board is made up of a series of retired one-star and two-star officers from across the services who have no direct linkage to the capabilities. They have no independent equities or personal equities to that capability. They'll provide independent advice to the landworthiness authority and a series of recommendations. Those recommendations are then heard through the army operating system and implemented through our capability development and capability management processes.

Senator ROBERTS: My next question is for the deputy secretary of the Capability Acquisition and Sustainment Group, Chris Deeble, or Nadine Williams or both.

Ms Quinn: There are two different activities. There's the capability acquisition group, for which we have a witness, and then there is the whole-of-government review of the defence delivery mechanism. So, depending on where your questions go, we may have different witnesses.

Senator ROBERTS: Okay. There's been much discussion and evidence provided to me and the parliament of the knowing approval of defective capability leading to injuries and fatalities. What does the Capability Acquisition and Sustainment Group do?

Ms Kuczma: I think the question is quite broad. Our job is to acquire capability that is fit for its intended purpose and deliver that to the service that requires it.

Senator ROBERTS: Thank you. That's pretty succinct.

Adm. Johnston: Senator Roberts—sorry to interrupt. I know and recognise your advocacy for the safety of our people. If you do have evidence that suggests that we have not treated safety in the introduction of equipment into

service, I would welcome that being provided through our minister so that we can both review that material and come back to you with insights that answer those areas of concern that you have identified.

Senator ROBERTS: Thank you. What actions have been taken in the design of the Defence Delivery Agency to ensure that non-compliant capability is not accepted for service?

Ms Quinn: I'm happy to give a high-level answer. There has been an ongoing review of the acquisition system within the Department of Defence that goes across all phases of the acquisition program, from defining capability to acquiring and sustaining it, and the feedback loops throughout that whole system. In that process, there's been an identification of some improvements we can make—some structural, some behavioural and some about being clearer on our accountabilities. So they do fall into different categories. One is just being very clear about the accountability for the different elements of those phases of any capability acquisition, development and sustainment. The second is to improve the professionalism of the staff at all three stages of that process. That includes having a specialised workforce, particularly through the Defence Delivery Agency—I keep using the acronym DDA. That's about professionalising the workforce, working with other elements of the Defence establishment, including industry in particular, to be able to ensure that we can improve the acquisition. Safety, of course, is one of the elements of the process. I'll pass to Nadine Williams if she's got anything to add.

Ms Williams: I wouldn't add much to that. As the secretary has said, the design of the Defence Delivery Agency has considered the matters that she's raised. We're going through quite an extensive process of looking at how the Defence Delivery Agency is constructed, how professionalism might be better articulated through that construct and how accountabilities will ensure that there are really clear responsibilities for all elements of acquisition as it's currently articulated.

Ms Quinn: The concept of contestability in decision-making has been a theme as well. One reason to be very clear about the stages of the process is to ensure there's very good contestability at the different stages, so that it's a multidisciplinary view of capability development, acquisition and sustainment. Having more voices, but with clear accountability, will improve the delivery system overall.

Senator ROBERTS: The current contracts for defence procurement include clauses that say that Defence does not pay any additional cost for a non-compliant capability in the supplier's product.

Ms Quinn: I think it would be hard to generalise across all the different types of contracts that we have, because there are a great deal of different contracts. We look at value for money, operational capability and risk sharing. Value for money also includes ensuring that, if faulty products are provided, there's recourse for such an outcome. So our contract management would include risk mitigation activities. I'll just see whether Ms Kuczma wants to say—

Senator ROBERTS: Excuse me. By 'risk mitigation', you mean you'll accept the vehicle or the piece of hardware and make a risk assessment as to how to use it without fixing it?

Ms Quinn: We certainly do that, but also, if we'd specified a certain capability—and the contract was clear on that—and we received a capability that did not meet the specifications, then there would be avenues in the contract to rectify such a situation.

Ms Kuczma: In general terms, we have a contracting suite that includes fitness-for-purpose clauses, which look at the outcome that's required under the contracts. Generally they exist in our contracting templates to ensure that we can have recourse should those deliveries not meet our expectations.

Senator ROBERTS: Can they be bypassed if there's a rush?

Ms Kuczma: We have the ability to accept supplies and work through deviations, or things that don't meet the requirements, should we choose. But our purpose is: fitness for purpose, receive what's required contractually and deliver.

Senator ROBERTS: Will the Defence Delivery Agency have the authority to stop delivery, suspend programs and withhold payment where capability does not meet contract regulation or legislation?

Ms Quinn: It is the intention that the delivery agency will have independent accountability and authority for contracts and manage those contracts in the interests of Defence, in terms of delivering the capability we need.

Senator ROBERTS: You just talked in terms of future tense.

Ms Quinn: Existing contracts will be novated to the delivery agency, as appropriate, so existing contracts will also have that ability—as is the case now in the Department of Defence. There will be no step back from the ability to manage delivery or to meet specifications, including safety concerns.

Senator ROBERTS: I understand from Lieutenant General Stuart that there's no comment yet on the reports of the fatal accident, but it would seem to be—I may be wrong here—another example of failure in the military

procurement process, as it appears that recent inspections of the vehicles show that the problems have still not been remedied, placing drivers and passengers of these vehicles at risk of death. Why?

Ms Quinn: To the first part of that question, what I heard in evidence was that the investigation has been provided to the public prosecution. It's not available to the public, but there's certainly a process going through to look at the investigation and see whether there are next steps that need to be taken. We also heard about the implementation of a lessons-learned focus on safety—a mechanism for ensuring that there are improvements over time. So the characterisation that the department isn't focused on it, or the Army is not focused on it, I wouldn't accept.

In high-risk situations, with the activity that's undertaken across the Defence enterprise, there is the possibility for loss of life. The department and the services take that very seriously and focus on ensuring that, if something does happen, lessons are learnt, processes are put in place and improvements are made, and that includes into the development of capability, in terms of the acquisition and sustainment of capability—because some things are to do with maintenance—and the rectification of problems. As a layperson prior to joining this department—there have been instances of things retired for a whole set of reasons. The system does respond to new information to ensure the safety of serving men and women.

Senator ROBERTS: Thank you.

CHAIR: Senator Shoebridge, do you have something for a few minutes?

Senator SHOEBRIDGE: I have about—

CHAIR: About five minutes?

Senator SHOEBRIDGE: Sorry, five minutes?

CHAIR: I'm sure Senator Paterson might have five minutes, and then we're wrapping up—

Senator SHOEBRIDGE: I've been sitting here. I've heard Senator Paterson go for close to half an hour, and you're proposing I get five minutes?

CHAIR: That's fine. Senator Paterson hasn't been here all day. Stop arguing. Just ask your question.

Senator SHOEBRIDGE: You're proposing I get five minutes; is that really it? You're proposing I get five minutes in order to—

CHAIR: Senator Shoebridge, you've also had extensive time.

Senator SHOEBRIDGE: I truly haven't.

CHAIR: If you want to argue about the time allocation—

Senator SHOEBRIDGE: I do.

CHAIR: we can do that, or I can just shut the business down now and we go home early.

Senator SHOEBRIDGE: I don't think you can, because the Senate ordered that this committee sit until 11, so you actually can't do that.

CHAIR: For the record, you wanted to finish early.

Senator SHOEBRIDGE: To be clear, the Senate ordered the committee to sit to 11.

Senator PATERSON: Chair, I'm happy to resume my questioning in the morning.

CHAIR: I know. That's alright. Senator Shoebridge, stop arguing. Just ask your question. You like to argue with people. Just ask your question.

Senator SHOEBRIDGE: Well, just to be clear, the Senate ordered this sits until 11, so, even if you wanted to shut it down as chair, you couldn't. I know you would like to, but you can't.

CHAIR: I'll pull quorum.

Senator SHOEBRIDGE: You're going to call quorum?

CHAIR: No. I could. Just ask your questions.

Senator SHOEBRIDGE: Go for your life! Call quorum! Show what pettiness there is for Labor.

CHAIR: I don't want to waste any time, Senator Shoebridge.

Senator SHOEBRIDGE: Show the pettiness.

CHAIR: I'll give another senator the call. I've got questions. Senator Ghosh has questions.

Senator SHOEBRIDGE: I'm sure you do.

CHAIR: We've got plenty of questions, mate.

Senator SHOEBRIDGE: Secretary, can you explain how much has been spent so far building Submarine Rotational Force—West? The US Secretary of War commended the \$5 billion that Australia had committed to spend on it, and the government's announced an \$8 billion investment on it, but all I can find in the budget is \$2.25 billion. Do we know how much has been spent on it?

Ms Quinn: I will just check if I have a colleague with additional information.

Senator SHOEBRIDGE: Did someone tell the US Secretary of War it was US\$5 billion?

Adm. Johnston: Senator Shoebridge, these are detailed questions about the implementation for which the Submarine Agency is responsible.

Senator SHOEBRIDGE: But, Secretary, it's your budget. The US Secretary of War spoke about a US\$5 billion investment that Australia had committed to. Did someone mislead the US Secretary of War?

Ms Quinn: I doubt it, but I don't know the details that you're talking to. As the CDF has pointed out, the Submarine Rotational Force—West establishment is a program that is run by the Australian Submarine Agency. There is a delineation document to help the committee navigate where the responsibilities lie between the Australian Submarine Agency, the Department of Defence and the Australian Naval Nuclear Power Safety Regulator. They are on after us; I'm sure they can provide you the additional details about the funding of that program.

Senator SHOEBRIDGE: So you, as the secretary, are unable to identify how much has actually been budgeted and spent on Submarine Rotational Force—West.

Ms Quinn: There is an agency with PGPA responsibility for that program, and they are on at estimates after the department, and they would be in a position to answer your question.

Senator SHOEBRIDGE: Admiral Johnston, did the US give you, as the Australian Chief of the Defence Force, advance notice that they were going to be branding what used to be HMAS *Stirling* as NSA *Stirling*, a formal US base? Did they give you any advance notice of that?

Adm. Johnston: HMAS *Stirling* remains HMAS *Stirling*. It is a sovereign base that carries the name that it has carried for some time.

Senator SHOEBRIDGE: But the US are now calling it NSA *Stirling*. They're calling it US naval support activity base *Stirling*, and they describe it as providing integral components of the US Navy—a vital shore based fleet to support the fleet operations and tenant command. Did the US tell you that they were designating it as their own base?

Adm. Johnston: I'd just repeat: the name of the base is HMAS *Stirling*. It remains a sovereign Australian base.

Senator SHOEBRIDGE: I know you've repeated that, but what I'm asking you is: did the US military tell you that they were now naming it as a US base?

Adm. Johnston: Senator, I don't know that what you have said is accurate, because I'm not aware of a US Navy statement to that effect.

Senator SHOEBRIDGE: It happened at a little-publicised event in Singapore recently. Do you remember that? It was on the weekend. It wasn't hidden?

Adm. Johnston: I remember the event in Singapore.

Senator SHOEBRIDGE: The US said it there, and they've made a public announcement of it. It appears in US defence procurement. Is it a US base? Is it NSA *Stirling* or is it HMAS *Stirling*?

Adm. Johnston: It is HMAS *Stirling*.

Senator SHOEBRIDGE: So why are the US calling it NSA *Stirling*?

Adm. Johnston: I do not know. The name of the base is HMAS *Stirling*.

Senator SHOEBRIDGE: To be clear, they didn't speak to you at all before they named it a US base?

Adm. Johnston: Not to me, no.

Senator SHOEBRIDGE: Do you think that's a bit rude—having a foreign military—

Senator McAllister: Senator, these are your assertions. Perhaps, if you have some information, you could table it for the officials and they could respond to the actual information you're reading from or drawing from.

Senator SHOEBRIDGE: Do you think it's a bit rude having a foreign military name an Australian base as a US base without talking to the Chief of the Defence Force in Australia?

Adm. Johnston: I remain unconvinced that they have called HMAS *Stirling* 'NSA *Stirling*'.

Senator SHOEBRIDGE: Well, they've done it, amongst other things, in their procurement records and in their recent procurement contract that went out. Do you want me to give you a copy of the procurement contract?

Adm. Johnston: I remain very confident in the name of the base.

Senator SHOEBRIDGE: It's just that our largest ally is calling it its own base. So is it a US base, is it an Australian base or is it a bit of each?

Adm. Johnston: I think I've been as clear as I can be. It is an Australian base. Its name is HMAS *Stirling*.

Senator SHOEBRIDGE: Admiral Hammond, were you aware that the US are now calling it 'NSA'?

Vice Adm. Hammond: That's 'Naval Support Activity'. It refers to the US Navy shore support detachment and personnel that are embedded at HMAS *Stirling*, the Royal Australian Navy's primary fleet base on Australia's west coast. It remains a sovereign base. There is a detachment there of Americans from the US Navy, who are there to support the AUKUS program.

Senator SHOEBRIDGE: Did they give you advanced notice that they were going to start calling it 'NSA Stirling'?

Vice Adm. Hammond: They haven't called it 'NSA Stirling'.

Senator SHOEBRIDGE: Yes they have.

Vice Adm. Hammond: It's 'Naval Support Activity', which is an embedded element. So it is NSA Stirling, but it's not a renaming of the base, Senator. Your characterisation is inaccurate.

Senator SHOEBRIDGE: Well, the US are calling it 'NSA Stirling'.

Vice Adm. Hammond: They're calling a detachment of personnel there 'NSA Stirling'. It's a detachment of personnel.

Senator SHOEBRIDGE: The procurement documents refer to the location where the US military is seeking life cycle management services as 'NSA Stirling', and, when you look at the documents, it's an island off Perth. Is that a different island off Perth?

Adm. Johnston: Senator, I'm not sure that we're talking to the same purposes. 'NSA Stirling' could be—

Senator SHOEBRIDGE: You don't know anything about it, Admiral Johnston. You didn't—

Senator McAllister: Could the admiral please be allowed to answer his question without interruption, Senator Shoebridge. There is only so much sarcasm that, at seven minutes to 11, people can put up with. Perhaps Admiral Johnston could answer the question without interruption.

Senator SHOEBRIDGE: To be clear, Admiral Johnston, you said you weren't even aware of it, and now you're giving me details about it. Is that what's happening?

Adm. Johnston: No. I'm trying to point out that I think you are confusing a location and an organisational construct, which is a group of people that the United States Navy would have at HMAS *Stirling* in order to support their submarine rotation force. You are conflating a group or an organisation with the naming and location of a base.

Senator SHOEBRIDGE: Well, we will probably come back tomorrow to the multiple expressed statements from the US military in the last 72 hours, when everyone's had a bit of a sleep. Is there anyone here who is able to speak to the Air Transport Deed of Standing Offer Panel? This is air flight charters, multiple hundreds of millions of dollars in the defence budget. Does anyone here do air charters? It looks like you've got the question, Secretary.

Ms Quinn: I'm happy to take it.

Senator SHOEBRIDGE: Defence runs the Air Transport Deed of Standing Offer Panel, which is used by, amongst other agencies, Home Affairs, to issue multiple-hundred-million-dollar contracts for air charter services. Defence itself spends hundreds of millions of dollars on it. Home Affairs spends hundreds of millions of dollars on it. Who would be responsible, in your agency, for the Air Transport Deed of Standing Offer Panel? Who would be responsible for signing contracts with companies such as Skytraders, pursuant to that panel? This panel has been responsible for providing contractors for nearly half a billion dollars in government contracts since 2022. Is that yours, Lieutenant General Coyle?

Lt Gen. Coyle: We'll have to come back to you with some greater detail. We don't have that on us at this point in time.

Senator SHOEBRIDGE: But it is in your patch, though?

Lt Gen. Coyle: Yes, it is.

Senator SHOEBRIDGE: Are you unable to say who the current personnel of the Air Transport Deed of Standing Offer Panel?

Lt Gen. Coyle: I'll have to take that question on notice.

Senator SHOEBRIDGE: Are you aware of why it is that an overwhelming number of contracts offered through that panel go to just three companies? There are about 20 companies on the panel.

Lt Gen. Coyle: I'm not aware. I'll have to take that on notice.

Senator SHOEBRIDGE: Those three companies are Toll, Skytraders and Adagold. Can you take that on notice?

Lt Gen. Coyle: Yes.

Senator SHOEBRIDGE: In fact, Skytraders has received about \$50 million in contracts from Defence just in the last five years. I think Skytraders itself, actually, has received contracts of about \$500 million. One of the directors of Skytraders is a former chief of army, Lieutenant General Gillespie. Has the panel or Defence had any contact with the former chief of army in his role with Skytraders?

Major Gen. Watts: I can absolutely confirm that Joint Logistics Command are responsible for managing an air transport panel. I would need to take on notice your specific question, but, as the lead of that panel, I can confirm I have not had any engagement with former chief of army.

Senator SHOEBRIDGE: You're the lead of the panel, is that right? What does that mean?

Major Gen. Watts: My organisation has responsibilities for managing that panel.

Senator SHOEBRIDGE: Are you part of the panel? Does it consist of people from your team?

Major Gen. Watts: That's right, from my team.

Senator SHOEBRIDGE: Do you have a day-to-day role in the panel?

Major Gen. Watts: I'm aware of its existence tracking on occasions when we use the panel to provide air freight services all around the world.

Senator SHOEBRIDGE: So you haven't had any contact with the former chief of army in his role as a director of Skytraders for any of the half a billion dollars in contracts that they've got through the panel?

Major Gen. Watts: Me personally, no.

Senator SHOEBRIDGE: What about members of your team?

Major Gen. Watts: I would need to take that on notice.

Senator SHOEBRIDGE: Was the standing offer panel also responsible for agreeing to \$300 million in contracts from the Department of Home Affairs? It's my understanding that it was. Home Affairs said it was a Defence panel.

Major Gen. Watts: I would need to take that on notice.

Senator SHOEBRIDGE: Do you know if anyone from the standing offer panel had any contact with Lieutenant General Gillespie, the former chief of army, for any of those contracts?

Major Gen. Watts: As stated, I'd need to take that on notice.

Senator SHOEBRIDGE: Did anyone do any due diligence about Skytraders, given that Lieutenant General Gillespie was also a director in Canstruct, which was getting \$2 billion in separate contracts from Home Affairs? Do you know if that was checked?

Major Gen. Watts: I can confirm absolutely that any industry provider on that panel has undergone a due diligence check; I'd need to confirm the specifics of your question.

Senator SHOEBRIDGE: Can you tell me what the panel is made up of? Some employees are from within the ADF, but does it also have industry appointees?

Major Gen. Watts: No, not to my knowledge.

Senator SHOEBRIDGE: Are they all from within the ADF?

Major Gen. Watts: That is my understanding. We'll get a composition of who's involved in the panel. We'll take it on notice.

Senator SHOEBRIDGE: If you could give the membership of the panel going back over five years, that would be very useful.

Major Gen. Watts: Certainly.

CHAIR: On that note, we're now concluding today's proceedings. Thank you. As you know, we'll all see you bright and early tomorrow morning here at 9 am. We'll be continuing with the Department of Defence. I declare this hearing adjourned for today.

Committee adjourned at 22:59