



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

ENVIRONMENT AND COMMUNICATIONS LEGISLATION
COMMITTEE

Estimates

(Public)

MONDAY, 24 FEBRUARY 2014

CANBERRA

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SENATE

ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

Monday, 24 February 2014

Members in attendance: Senators Back, Boswell, Fawcett, Ludlam, Madigan, Milne, Pratt, Rhiannon, Ruston, Siewert, Stephens, Urquhart, Waters, Whish-Wilson, Williams.

ENVIRONMENT PORTFOLIO

In Attendance

Senator Birmingham, Parliamentary Secretary to the Minister for the Environment

Department of the Environment

Executive

Dr Gordon de Brouwer, Secretary
Mr Malcolm Thompson, Deputy Secretary
Dr Kimberley Dripps, Deputy Secretary
Mr David Parker AM, Deputy Secretary
Dr Steven Kennedy, Deputy Secretary

Adaptation and Science Division

Ms Benedikte Jensen, First Assistant Secretary
Ms Jo Mummery, Assistant Secretary, Science and International Adaptation Branch
Mr Paul Ryan, Acting Assistant Secretary, Climate Adaptation Branch

Australian Antarctic Division

Dr Tony Fleming, Director
Dr Rob Wooding, General Manager, Support Centre
Mr Rob Bryson, Modernisation Program Manager
Mr Matthew Sutton, Finance Manager
Dr Nick Gales, Chief Scientist

Biodiversity and Conservation Division

Mr Sean Sullivan, First Assistant Secretary
Ms Claire Howlett, Assistant Secretary, Biodiversity Policy Branch
Ms Peta Lane, Assistant Secretary, Program Implementation Taskforce Branch
Mr Greg Terrill, Assistant Secretary, Program Delivery, Support and Reporting Branch
Mr Mark Nash, Acting Assistant Secretary, Program Delivery and Assessment Branch

Commonwealth Environmental Water Office

Mr David Papps, Commonwealth Environmental Water Holder
Mr Steve Costello, Assistant Secretary, Policy, Community Engagement and Portfolio Management Branch
Mr John Foster, Acting Assistant Secretary, Environmental Water Delivery Branch

Corporate Strategies Division

Ms Dianne Carlos, Chief Operating Officer
Ms Lily Viertmann, Chief Financial Officer
Ms Michelle Wicks, Assistant Secretary, People Strategies Branch

Emissions Reduction Fund Taskforce

Mr Trevor Power, Acting First Assistant Secretary
Mr James White, Assistant Secretary, Auctions and Industrial Abatement Branch
Ms Maya Stuart-Fox, Assistant Secretary, Abatement Protocols and Contracts Branch
Mr Tas Sakellaris, Assistant Secretary, Emissions Reduction Fund Legislation Branch
Mr Simon Writer, Assistant Secretary, Repeal Taskforce

Environment Assessment and Compliance Division

Mr Dean Knudson, First Assistant Secretary
Mr James Tregurtha, Assistant Secretary, South-Eastern Australia Assessment Branch
Mr Chris Murphy, Acting Assistant Secretary Queensland and Sea Dumping Assessment Branch

Dr Tony Bigwood, Acting Assistant Secretary, North, West and Offshore Assessment Branch

Dr Simon Banks, Assistant Secretary, Strategic Approaches Branch

Ms Carolyn Cameron, Assistant Secretary, Great Barrier Reef Taskforce

Mr Shane Gaddes, Assistant Secretary, Compliance and Enforcement Branch

Dr Rachel Bacon, First Assistant Secretary, Regulatory Reform Taskforce

Mr James Barker, Assistant Secretary, Regulatory Reform Taskforce

Environment Quality Division

Dr Diana Wright, First Assistant Secretary

Mr Andrew McNee, Assistant Secretary, Environment Protection Branch

Mr Matthew Dadswell, Assistant Secretary, Environment Standards Branch

Mr Bruce Edwards, Assistant Secretary, Waste Policy Branch

International and Land Division

Ms Shayleen Thompson, First Assistant Secretary

Mr Rob Sturgiss, Assistant Secretary, National Inventory Systems and International Reporting Branch

Mr Chris Faris, Acting Assistant Secretary, Terrestrial and Rainforest Emissions and Engagement Branch

Ms Kate Lea-Perry, Acting Assistant Secretary, Land Policy and Programs Branch

Office of Water Science

Ms Suzy Nethercott-Watson, Acting First Assistant Secretary

Ms Gayle Milnes, Assistant Secretary, Water Science Operations Branch

Policy and Communications Division

Mr Stephen Oxley, First Assistant Secretary

Mr Howard Conkey, Acting Assistant Secretary, Communications and Ministerial Services Branch

Mr Matthew Whitfort, Assistant Secretary, Strategic Advice Branch

Mr David Williams, Assistant Secretary, Governance and Legal Branch

Ms Chris Schweizer, Assistant Secretary, International Branch

Ms Mary Wiley-Smith, Assistant Secretary, Department Strategic Review Taskforce

Ms Donna Petrachenko, Chief Advisor International Biodiversity and Sustainability and Australia's Commissioner to the International Whaling Commission

Renewables, Projections and Governance

Mr Brad Archer, First Assistant Secretary

Dr Steven Kennedy, Deputy Secretary

Ms Beth Brunoro, Assistant Secretary, Analysis and Projections Branch

Mr Simon Writer, Assistant Secretary, Legislation and Governance Branch

Supervising Scientist Division

Mr Richard McAllister, Acting Supervising Scientist

Mr Keith Tayler, Director

Sustainability, Policy and Analysis Division

Mr Mark Flanigan, First Assistant Secretary

Dr Kathryn Collins, Assistant Secretary, Environmental Resources and Information Network

Ms Kate Lynch, Acting Assistant Secretary, Sustainability, Policy and Reporting Branch

Water Efficiency Division

Ms Mary Harwood, First Assistant Secretary

Mr Colin Mues, Assistant Secretary, Water Recovery Branch

Mr Richard McLoughlin, Assistant Secretary, Irrigation Efficiency Northern Branch

Mr John Robertson, Assistant Secretary, Basin Communities and On Farm Branch

Ms Mary Colreavy, Acting Assistant Secretary, On Farm and Urban Water Programs Branch

Water Reform Division

Mr Tony Slatyer, First Assistant Secretary

Mr Charles Edlington, Acting Assistant Secretary, Aquatic Systems Policy Branch

Mr Tim Fisher, Assistant Secretary, Water Policy Branch

Wildlife, Heritage and Marine Division

Ms Alex Rankin, First Assistant Secretary

Mr Paul Murphy, Assistant Secretary, Wildlife Trade and Biosecurity Branch

Mr Travis Bover, Acting Assistant Secretary, Marine and International Heritage Branch

Mr Geoff Richardson, Assistant Secretary, Protected Species and Communities Branch

Mr Nigel Routh, Assistant Secretary, Heritage Branch

Agencies**Bureau of Meteorology**

Dr Rob Vertessy, Director of Meteorology

Dr Ray Canterford, Deputy Director, Hazards, Warnings and Forecasts

Ms Vicki Middleton, Deputy Director, Corporate Services

Dr Susan Barrell, Deputy Director, Information Systems and Services

Mr Barry Hanstrum, Deputy Director, Observations and Infrastructure

Mr Graham Hawke, Deputy Director, Environment and Research

Clean Energy Regulator

Ms Chloe Munro, Chair and Chief Executive Officer

Mr Ross Carter, Executive General Manager, Reporting and Carbon Market Division

Mr Geoff Purvis-Smith, General Counsel

Ms Mary-Anne Wilson, General Manager, Carbon Farming Branch

Mr Mark Williamson, Acting Executive General Manager, Renewables and Carbon Farming Division

Climate Change Authority

Ms Anthea Harris, Chief Executive Officer

Ms Clare Penrose, General Manager

Ms Kath Rowley, General Manager

Ms Rebecca Burdon, General Manager

Director of National Parks

Ms Sally Barnes, Director of National Parks

Ms Judy West, Assistant Secretary, Parks Biodiversity and Science Branch

Mr Mark Taylor, Assistant Secretary, Parks Business and Policy Branch

Mr Charlton Clark, Assistant Secretary, Commonwealth Marine Reserves Branch

Great Barrier Reef Marine Park Authority

Dr Russell Reichelt, Chairman and Chief Executive

Mr Bruce Elliot, General Manager, Biodiversity, conservation and Sustainable Use

Ms Margaret Johnson, General Manager, Strategic Policy and Reef Stewardship

Mr John Barrett, Director, Finance and Office Services

Murray-Darling Basin Authority

Dr Rhondda Dickson, Chief Executive

Mr Frank Nicholas, Executive Director, Corporate and Business Services Division

Mr David Dreverman, Executive Director, River Management Division

Mr Andrew Reynolds, General Manager Assets, River Management Division

Mr Brent Williams, General Manager, Constraints Management Taskforce

National Water Commission

Ms Kerry Olsson, Acting Chief Executive Officer

Mr Matt Kendall, General Manager Planning and Evaluation

Sydney Harbour Federation Trust

Mr Geoff Bailey, Executive Director

Committee met at 09:00.

CHAIR (Senator Williams): Good morning, ladies and gentlemen. I declare open this hearing of the Environment and Communications Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2013-14 for the portfolios of communication and environment and other related documents. The committee may also examine any report of the departments and agencies appearing before it. The committee has set Friday 11 April, 2014 as the date by which answers to questions on notice are to be returned. Today we will examine the department and agencies of the environment portfolio.

Under standing order 26 the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance the secretariat has copies of those rules. In particular, I draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised, which I now incorporate in *Hansard*.

The extract read as follows—

Public interest immunity claims

That the Senate—

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

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

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

(1) If:

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

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

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

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

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

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

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

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

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the

committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

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

(13 May 2009 J.1941)

(Extract, Senate Standing Orders, pp 124-125)

Department of the Environment

[09:01]

CHAIR: I welcome Senator the Hon. Simon Birmingham, representing the Minister for the Environment, and portfolio officers. Minister, would you like to make an opening statement?

Senator Birmingham: No, thank you.

CHAIR: Dr de Brouwer, would you like to make an opening statement?

Dr de Brouwer: No, thank you.

CHAIR: I now invite general questions. Senator Urquhart.

Senator URQUHART: Can you outline any changes to staffing since November 2013?

Dr de Brouwer: I will ask Ms Carlos to go through that.

Ms Carlos: The staffing information I have is generally from 1 July through to the current period, so would that be satisfactory?

Senator URQUHART: If you could give that to us now. But are you able to break that down from November 2013 and maybe provide it on notice?

Ms Carlos: Yes, I can do that. We are currently sitting with a FTE of around 2,091. That is after adjusting for a seasonal factor for the Australian Antarctic Division. We have a lot of staff who come on part way through the year. That equates to an average staffing level for the Department as at the end of January of 169. That figure is compatible to our portfolio additional estimates figure. Our estimate of affordable staffing for this year, according to our portfolio additional estimates, is 2,152. So we are running pretty close to our average at this point in the cycle. Significant changes in staffing levels that have occurred from November were our machinery of government changes. We had about 300 staff moved in from the climate change functions out of the Department of Industry, and we had approximately 50 staff moved out of the organisation in relation to our indigenous functions that went to PM&C.

Senator URQUHART: If you could, on notice, just get the staffing from November on, that would be great. In the lead up to the budget, have you been asked to scope any savings?

Dr de Brouwer: There are the normal considerations of the budget process, Senator, that the department would participate in. But that is a normal part of the budget process. The detail of that really goes to the deliberative processes of government. More generally as well, as the departmental budget is contracting over the forward estimates we are going through a review process to scope and look at ways to improve or streamline our own operations in line with that. That is quite general.

Senator URQUHART: Yes, that is very general. So you do not have any specific details about any savings that you have been asked to scope?

Senator Birmingham: It has been the practice for a long period of time, of course, that governments do not talk about hypothetical considerations in the lead up to a budget.

Senator URQUHART: It is not hypothetical. I am asking if you have been asked to scope any savings.

Senator Birmingham: We will obviously release any savings in the budget.

Senator URQUHART: So the department has not been asked?

Senator Birmingham: It is no secret that the entire government is looking for savings.

Senator URQUHART: So the answer is yes.

Senator BIRMINGHAM: The entire government is looking for savings.

Senator URQUHART: Do you anticipate a reduction in staffing at the department as a result of the delegation of the EPBC Act approvals to states—given that that responsibility is going over to the states?

Dr de Brouwer: That is a matter under consideration at the moment. I can't speculate on what the impact of that would be, but that is a matter for consideration over the coming year as those negotiations progress.

Senator URQUHART: So the timeframe is over the next year?

Dr de Brouwer: Over this calendar year, yes. The government's commitment was to deliver the one-stop shop by September 2014.

CHAIR: Senator Ruston, do you have a couple of questions before we go to Senator Waters?

Senator RUSTON: Following up on the staffing reductions over the past period of time, are you able to advise us as to what the policy directions and decisions were that underpinned the decision to reduce staffing in the department?

Dr de Brouwer: Yes. I will go through it in general but my colleague may have some more detail. In general, they relate to the accumulation of efficiency dividends on the department. They relate to requirements through various budgets to streamline staff numbers or staff levels, and cuts to particular programs. I'll ask Ms Carlos to go through that in a bit more detail.

Ms Carlos: Since our portfolio budget statements back in May, we have had a number of reductions associated with efficiency dividends, efficient management structures, some outsourcing, Microsoft volume, some other savings around density and some reductions due to programs dropping off over that period. Then there are, more generally, parameter adjustments that occur.

Senator RUSTON: So were these decisions in relation to your efficiency dividend and streamlining of staffing levels? Were these decisions taken pre-election or post-election?

Ms Carlos: They are a combination, Senator.

Senator RUSTON: So there were some taken. So this is a sort of ongoing program. It is not something that has just been introduced in the last few months?

Ms Carlos: No.

Senator RUSTON: Okay. I have to ask this question as it won't be estimates without it: what is happening with our Nishi building?

Ms Carlos: The Nishi building has been picked up by the Department of Industry. I understand, and you might want to check with them in more detail, that they have signed a lease for that building. Our department has still got staff on levels four and five of the Nishi building. We will be there for a short period of time until we are able to fit back into our other two existing buildings. So the Department of Industry, I understand, has the lease, but you might direct your question to them in terms of what their intent is with that building.

Senator RUSTON: So the liability of this department in relation to that building will expire once you move your people out?

Ms Carlos: That is correct.

CHAIR: Senator Waters.

Senator WATERS: Firstly, how has the full-time equivalent staff of the department reduced since September 2013. What is the quantum?

Senator Birmingham: Senator Urquhart did ask a very similar question, and the officials indicated that they could give financial year figures but would have to take other breakdowns on notice.

Senator WATERS: Thank you. My apologies; I was a few minutes late. How many permanent staff in the department have resigned since September 2013?

Ms Carlos: I would have to take that on notice. I do not have that level of detail.

Senator WATERS: If you could. Also, their seniority would be useful to know as well.

Ms Carlos: Yes, Senator.

Senator WATERS: How many full-time equivalent staff work in compliance and enforcement across the full spectrum of the department?

Ms Carlos: I would have to take that on notice. We do not classify staffing in to those functional areas. We would have to do a bit of a review of our divisional structures and which sections make that up, because the compliance and enforcement function is quite widespread across the department.

Senator WATERS: Would it be possible at present to just do the EPBC compliance and enforcement section?

Ms Carlos: I can certainly give you FTE for the EPBC division. The paid FTE at the end of January was 212. That is all activities in that division.

Dr de Brouwer: It is not just the compliance. We might come back, if we can, during the day with the size of that branch.

Senator WATERS: Thank you. That would be great.

Senator WHISH-WILSON: I have a quick question on the transpacific partnership agreement that is being negotiated. One of the 29 chapters relates to the environment. Have any representatives from the department had direct input into the government's negotiations or have they attended any rounds of negotiations?

Dr de Brouwer: Yes. Mr Thompson is the one who is directly engaged in that.

Mr Thompson: The answer to your question is, yes, we have had our officers involved in the negotiations.

Senator WHISH-WILSON: Have you attended of the rounds of negotiations or has it been at ministerial briefing level?

Mr Thompson: No, those officers have attended rounds of the negotiations. I do not have the precise meetings they have attended but, yes, they have attended.

Senator WHISH-WILSON: Can I get those on notice?

Mr Thompson: I will take that on notice.

Senator WATERS: I understand that there is a hiring freeze in place for permanent staff, and correct me if I am wrong about that. What proportion of the full-time equivalent staff are temporary or casual?

Ms Carlos: There is not a hiring freeze, per se. The Public Service Commissioner has processes in place where agencies have to seek his approval before advertising in the gazette. But that is not a freeze, per se. In regards to our staffing level, on a headcount basis, our total headcount is 2,805. Of that we have 326 non-ongoing staff and 96 casual staff.

Dr de Brouwer: As I explained before, a large number of those staff relate to our Antarctic operations, which are higher at this time of year. It is quite standard for non-ongoing staff to be employed in the Antarctic.

Senator WATERS: On a temporary or casual basis?

Dr de Brouwer: Yes.

Senator WATERS: Okay. Would you able to say what proportion of temporary or casual folk have changed since September or are we confined two financial year figures again?

Ms Carlos: I could take that on notice.

Senator WATERS: On the website of the department there is something called an 'environmental impact assessment service charter'. It looks to me that in that document companies like Santos and Whitehaven Coal are referred to as 'clients'. Can someone confirm if that is correct?

Ms Dripps: If you are reading directly from the website then they probably are referred to as clients. I haven't got the document open in front of me.

Senator WATERS: Given that your role is primarily as regulators, could someone reflect on the appropriateness of referring to the regulated as 'clients'?

Ms Dripps: The client services charter is intended to clearly specify the way in which the department will interact with the people who we are regulating through environmental impact assessments and similar processes under the EPBC Act.

Senator WATERS: Sure, but there is a reference to the public and to stakeholders. There is not actually a reference to the environment as a client. Was that a deliberate decision by whoever wrote that document?

Ms Dripps: As I indicated, Senator, that document is specifically directed at the relationship between the department and the people being regulated, and in specifying the behaviour and expectations that could be expected from either party's side of that interaction.

Senator WATERS: Perhaps a reflection on the choice of terminology, of 'clients', might be something to consider.

Senator Birmingham: We will look forward to your alternative suggestions.

Senator WATERS: Thank you. I am sure you will await them with bated breath.

CHAIR: Thank you, Senator Waters.

Bureau of Meteorology

[09:16]

CHAIR: I now call officers from the Bureau of Meteorology. Welcome, Dr Vertessy. Would you like to make an opening statement?

Dr Vertessy: No, thank you.

CHAIR: We will go straight into questions. Senator Urquhart.

Senator URQUHART: Can you quickly summarise the year that was in terms of the weather in 2013?

Dr Vertessy: Yes, 2013 was a record hot year for Australia. It was very warm and was characterised by rather severe heatwaves early in the season. In fact, I think we might have had three or four significant heatwaves. So there were record temperatures in January of 2013, and we also had another very hot spring as well, which brought about an early start to the fire season. In terms of severe weather events that came late in the year, I might just turn to my colleague Dr Ray Canterford.

Dr Canterford: As Dr Vertessy said, we did start with a serious fire situation in the Blue Mountains, as we know, in October. We also had some severe heat and fires in November where we undertook over 1,000 wildfire forecasts, and in November another 1100 and in November 787. Tropical Cyclone Alessia occurred in November and tropical Cyclone Dillon was at the end of January and affected the Bowen and Proserpine areas. We then had a very serious situation between 7-10 February where we had some heat wave conditions and catastrophic fire conditions on the weekend of 8-9 February, predominantly in South Australia, Victoria and southern New South Wales. We had a small tropical cyclone, Tropical Cyclone Fletcher, which was only a category one, up in the gulf. So we have been extremely busy during this particular severe weather season.

Senator URQUHART: In terms of the heatwaves, you talk about areas where there have been heatwaves, what are the areas that are currently having or are expecting to experience heatwaves and bushfires for the rest of the summer-autumn period?

Dr Canterford: At the moment we have nothing in the immediate seven days. I think the seasonal outlook at this stage is fairly neutral. But, of course, we are in very dry conditions through large areas of the country. We only need small peaks of heat again to have another serious situation. But we do not have anything immediately in our sights.

Senator URQUHART: Is that because you normally measure out to seven to 10 days?

Dr Canterford: No, we do have a mix of looking at the seasonal outlooks, which go for three months. We do talk very closely with our climate experts and our severe weather experts. We talk quite carefully together in terms of looking at the conditions and also with emergency service agencies to provide them with information leading up to the events. It can go a bit longer than seven days, of course. Informally we can give them a heads up beyond that as well.

Dr Vertessy: I should have also added—and I omitted this at the beginning—that another feature of the climate of 2013 was that we had very dry conditions in inland Queensland and northern New South Wales. That is basically a second failed wet season. So we have had quite severe drought conditions in that part of the country.

Senator URQUHART: Has the bureau modelled predictions for the cyclones, both their frequency and severity, that are expected this year?

Dr Vertessy: At the beginning of the severe weather season we issue some basic guidance of what we think the frequency of cyclones will be. I think at the beginning of this season we were saying that it was going to be a roughly average year, which would mean about 11 cyclones in the Australasian region with four crossing the coast at any point in time. We have done that. We are getting there, if we are not there already.

Senator URQUHART: Can you give us a brief overview of your warning system for bushfires and cyclones? I am interested in whether there was a glitch that meant that residents in the cyclone watch area in north Queensland were not adequately warned of the imminence of Cyclone Dillon.

Dr Vertessy: Again, I will defer to Dr Canterford on this, but I can say that there was no glitch at all. The warning procedures went according to plan. But for the details of how we do these things, I will refer to Dr Canterford.

Dr Canterford: As Dr Vertessy said, the forecasts and procedures for that particular cyclone were closely followed. We had warnings out well ahead of time, and our discussions with emergency services indicated that they were well prepared for those conditions. It crossed the coast as a category 2 cyclone. Confirmation of that is that indeed the damage we saw from that cyclone was spot on. I believe the forecasts were very good and they followed exact procedures.

Senator PRATT: Can you point to any of the drivers of these climatic trends?

Dr Vertessy: Which trends in particular: temperature, rainfall, cyclones or floods? Which ones are you interested in?

Senator PRATT: All of those extreme weather events. They are all extreme weather events in their own way.

Dr Vertessy: Okay. I will start with the clearest evidence, which is around temperature. The globe has warmed almost a degree since the beginning of the last century. Accompanying that growth in average warmth of the planet has been a growing frequency of hot days and a lesser frequency of cool nights. So there is very clear evidence to show that global warming is impacting on temperature distributions. When we come to rainfall, it is a little less clear. In the Australian region we have been getting a little more rainfall on average. However, the signal in rainfall is very noisy. So it is difficult to discern any kind of global warming trend in the pattern of rainfall in our region. When it comes to cyclones, we have similar difficulties discerning any trend because of there being a lot of variability in the cyclone frequency and magnitude. There are a lot of them and if anything we are either holding steady or there has been a slight decline in the number of cyclones since the 1970s. But the research on that is quite equivocal.

Senator PRATT: Do bushfire extremities relate to the warming temperature, which in turn relates to the climate change attached to global warming?

Dr Vertessy: Yes.

Senator PRATT: Clearly that can also be connected to that combination of increased rainfall and increased temperature.

Dr Vertessy: Sure. I understand. Fire weather appears to have been impacted by global warming. There are 38 sites in Australia where detailed analyses have been done on the forest fire danger index. At some 16 of those sites we have seen a statistically significant increase in the intensity and duration.

Senator PRATT: I asked about those 16 sites on notice last time and was given a paper which was very interesting and quite useful, but it didn't really highlight what those 16 sites were.

Dr Vertessy: Which ones they were?

Senator PRATT: No.

Dr Vertessy: We can take that on notice.

Senator PRATT: I have asked it on notice previously. An excellent paper was provided, but if you can name those 16 sites. I would expect there to be 16 sites that you would be able to list for me.

Dr Vertessy: Yes. I am happy to provide that.

Senator URQUHART: Can you tell me the total area that has been affected by bushfires so far this season?

Dr Vertessy: I do not know the answer to that.

Dr Canterford: We would have to take that on notice. We would have to check with our fire agencies.

Senator URQUHART: Sure. But you can provide that if you take it on notice?

Dr Canterford: My colleague has just suggested that they may have information on their website, but I can source that for you if you like.

Senator URQUHART: That would be great.

Dr Vertessy: It is not something that we would normally track and report on, but we are happy to look it up for you.

Senator URQUHART: Finally, can you give us an update on any climate records that were broken in January?

Dr Vertessy: Yes, I think we should be able to do that. I am not sure if I can give you the number exactly for January but I can give you some notable statistics for the summer if that would help. First of all, Melbourne had seven days of 40 degrees or higher. The annual average since 1908 is about 1.3. That gives you a sense that there was a lot of hot weather down there. Similarly, in Adelaide there were 13 days over 40 degrees. The annual average since 1977—so not going back as far—is about 3.2. And there were 11 days above 42 degrees in Adelaide this summer. The annual average is one day. So I think you can get the picture that there is a lot going on. Even here in Canberra we had quite a lot of hot weather. We had three days above 40 degrees Celsius and 19 days above 35 degrees. The average for Canberra is about 5.4 days above 35 degrees. So there was plenty of heat around.

Senator URQUHART: They are sort of east coast centric. Would that be replicated across the nation?

Dr Vertessy: Not replicated, no. There was a concentration of heat in south-eastern Australia. But it was pretty warm everywhere else too. But the real big records were broken in the south-east and maybe in the west, too.

CHAIR: Senator Ruston, do you have a question?

Senator RUSTON: I live in Renmark, so I understand what it is like to be hot, and it was bloody hot in January. But isn't it a little bit dangerous for us to be picking off very small periods of time, like a month, and talking about them being records when really we do need to look at this over a period of time. If we go through the rest of summer with reasonably average temperatures, which Dr Canterford suggested that there is no reason to suggest we won't, aren't we at risk of making this a hysterical comment about, 'Oh my gosh, we had all these really hot temperatures in January'? But if we average it out, if we don't get much more hot weather it is just another summer. We may have it in February, we may have it in March but we always seem to have it some time. Maybe we just had it earlier this year.

Dr Vertessy: You are right. There is a risk, actually, that people can get a little carried away and hysterical about it. I certainly don't recommend looking at short periods of time and drawing any big conclusions. That is why when we report on these matters we tend to take the long view and look at the long trends. They actually show quite clearly, however, that there is a real concentration of heat in the latter years of the last decade. Let us look at Canberra, for instance. We had three days above 40 degrees. There have only been 13 days when Canberra has got above 40 degrees and nine have occurred in the last eight years. So it is that kind of story that needs to be told and attention drawn to that. That is a pretty similar experience across Australia at the moment. There is a very significant concentration of hot weather days in the last decade relative to the last century.

Senator RUSTON: So 13 days over 40 degrees ever?

Dr Vertessy: In Canberra, yes, since records began in 1910.

Senator RUSTON: Okay. Thanks.

CHAIR: I have a question on notice, Dr Canterford. If you find the area that was burnt during the summer, could you also include the areas that were national parks?

Dr Vertessy: I can attempt to find that out, certainly.

CHAIR: Good. Talking about the fire, surely the level of fuel on the ground has a fair bit to do with how savage a fire is as well.

Dr Canterford: Yes.

CHAIR: Dr Vertessy, about the temperature. Tell me if I have it wrong: if it is a moist, humid summer the temperatures are lower. Correct? So was this an extremely dry summer?

Dr Vertessy: That is a good question. I am not quite sure how to—

CHAIR: As far as humidity goes?

Dr Vertessy: Generally humidity is increasing a little in the atmosphere. This summer we had lots of very dry weather because of strong westerly wind flows across the interior of the continent. That was a big factor in driving the set up for the fires in the Blue Mountains and has also contributed to the rapid onset of the drought in Queensland.

CHAIR: About that drought, Bureau of Meteorology climatologist Blair Trewin said the current drought was meteorologically significant but well within the range of historic experience. Is that the case?

Dr Vertessy: That is true. It is within the range of historical experience. It is probably notable for its geographic extent. But I wouldn't trivialise it as an event; it is actually quite a serious event for people on the ground.

Senator RUSTON: Can I change the subject and talk about your requirements for providing information through the media and generally reporting to the community? We are seeing a lot more of the bureau's staff fronting press conferences when there have been particularly extreme events. Do you have any obligations, and what determines who speaks and when they speak and the like?

Dr Vertessy: I might pass over to my chief operating officer, Ms Vicki Middleton, on that. Ms Middleton heads up our communication effort.

Ms Middleton: I have our comms team for the bureau within my division. Essentially, we have statutory obligations. There are two pieces of legislation, the Meteorology Act and the Water Act, in which our primary function is actually the dissemination of information. So every week the bureau would do roughly 700 media crosses as part of getting meteorological information out that everyday Australians use. But it is also used to make commercial and economic decisions across all sectors of the economy. In an average week we do about 700 media interviews. We do these as part of a suite of how we communicate meteorological and water information. In doing that, I think the key requirements for us under the legislation is to not only collect and observe the

information but actually translate that into forecasts, reports and information that is readily used by the public. So our communications effort is both how to translate highly technical information into something that is simple and usable, depending on how the sector wants to use that, but also keeping that available through a broad range of channels. For example, over the last decade the bureau has gone through quite a significant change in terms of how it delivers its information. The media has consistently been a significant part of that in terms of utilising radio, but also print media for getting forecast information out to people—particularly those who do not have internet access.

But we have also significantly shifted the way we deliver our information through digital publishing. So the bureau does far less printed documentation. Our standard practice now is to publish online and only print on demand. For example, most of our documents would have very small print runs and would only be printed in literally tens or twenties, based on whether we have a specific request from the public for a hard copy document of what is available online. The other thing that has really changed in terms of how we communicate, particularly over the last decade, has been the rise of our website. Our website is quite extraordinary. It is the most popular Australian government website in terms of the amount of traffic that it has going through it. But during peak events the load on our website is quite extraordinary. During the heat event that Dr Canterford was talking about earlier, we had six million people on our website during those few days of the Australian Open, for example, when it was particularly hot in Melbourne. So a lot of our work is complimented by the media getting information out to people who don't necessarily have internet access. In terms of our staff that do media, we do provide media training for all staff. Each of them need to go through training and go through regular refreshes in terms of our media team supporting them. We also have a staff member in each of our regional offices who assist with the scheduling of media interviews and making sure we have an appropriate expert, depending on the nature of the interview that the media is wanting to undertake.

Senator RUSTON: How many people do you have in your media unit at the moment?

Ms Middleton: Across the board, we only have four in the media team itself. But we have about 30 overall in terms of all of our comms work.

Senator RUSTON: So 30 people who would be able to front the camera?

Ms Middleton: We probably have a few more than that. But what we try and do is triage that based on the level of expertise we need for the particular interview. So predominantly we use day-to-day forecasters who work on the bench to do our forecast crosses to the media. If they want to know what the forecast is for today and tomorrow in a particular location, we will use local talent in the regional forecast centre for that state.

Senator RUSTON: Finally, you said that you have had a significant transition away from printed documentation on to your website. What do you currently spend on hard copy publications and what are the savings that have been achieved by moving away from physically printing to actually doing so online?

Ms Middleton: I do not have specific figures with me today. We did provide figures on our printing costs during the last questions on notice in November. From memory, we have not made a significant difference because what we have been doing is printing more online but printing better quality publications. We have also opened up a number of other channels. For example, we are getting a great deal of pull to publish more information through social media. So the bureau has established a Facebook presence and we currently have about 416,000 followers in that space. Also, in terms of digital for us, we are going through a major transition with our website currently where we are moving from basically PC configurations to digital configurations, because we have just hit over 50 per cent of our users accessing through a mobile device.

Senator RUSTON: Do you generate any revenue from the services that you provide in terms of publications and communications and, if so, what are they. But you are welcome to take that on notice.

Ms Middleton: I am very happy to take that on notice.

Senator LUDLAM: I have some follow-up questions. In November Senator Waters put some questions on my behalf about weather patterns in the west Pilbara, particularly in Karratha. I think we have the officers at the table who were actually there. This is regarding air quality data that sometimes shows up on your radar maps as rain, but which is actually heavy pollution events from Woodside's onshore gas plants on the Burrup Peninsula. I thank you for the responses that we got back from you a couple of weeks later. You replied that you were not actually able to 'deconvolute' what all the things on a radar image should be. Are you familiar with that line of questions?

Mr Hanstrum: We quite often see examples on our radar images of information that doesn't come from rainfall. In certain environmental conditions, the radar beam is reflected from the ocean surface and we get what is known as an anomalous propagation of the radar beam. That can produce large areas on our radar images which

look like rainfall but aren't in fact. They are more a function of the atmospheric conditions or the stability of the atmosphere and the reflection of the radar beam from the ocean surface. The other time that we see anomalous information on our radar images is during bushfires, where we see large areas of smoke on the radar.

Senator LUDLAM: I guess that is understandable. In terms of radar reflections of the ocean surface, is that entirely conditional on ocean conditions at the time? Is it anything to do with atmospheric circumstances?

Mr Hanstrum: It is dependent on the atmospheric conditions. So if there is a very warm layer above the Earth's surface, with a cooler layer beneath it, then the radar beam is trapped beneath that in what is a strong inversion layer. The trapping of that beam then reflects off the ocean surface producing large areas of anomalous propagation.

Senator LUDLAM: From the point of view of residents of Karratha and Dampier and areas that I am interested in, how much effort would it take? If it is an inversion layer or a bushfire, that is one thing. But the idea that you could have a pollution event that is so severe that it would be returned on your radar maps as rain is obviously of concern to residents. It has been raised with me. How difficult would it be to pick out the signature of pollution events specifically, rather than some of the other phenomenon that you have mentioned?

Mr Hanstrum: I think that would be very difficult. Generally speaking, the level of particulates that would be required to generate a radar signal that were observable would need to be very large. In a big bushfire where there is heaps of smoke we see that signal, and in heavy rain we see that signal. But fine scale particulates resulting from air pollution I don't recall and don't have any knowledge of seeing incidences of air pollution being visible on our radar network.

Senator LUDLAM: Have you visited the Pilbara? Have you visited the sites?

Mr Hanstrum: Yes, I have.

Senator LUDLAM: You are familiar with the orange cloud that lies on the horizon over those gas plants?

Mr Hanstrum: No, I am not familiar with that but I have visited the Pilbara.

Senator LUDLAM: Have you visited the Burrup specifically?

Mr Hanstrum: Yes, I have.

Senator LUDLAM: I have been up there plenty of times and seen that myself. You can see a kind of brown–orange haze, depending on what the air is doing, that is being omitted from the flare stacks on the Burrup. Are you telling me you wouldn't know how frequently those pollution events are being recorded as rain?

Mr Hanstrum: We would not know the answer to that. And it would be hard to distinguish whether in fact it was pollution or whether it was this atmospheric phenomena that I referred to earlier that is causing that.

Senator LUDLAM: Could you understand why residents might be interested in you making such an effort, because otherwise they have no way of knowing, apart from just looking out the window and seeing that the sky is no longer blue. Is there any research effort or anything at all that the BoM can help us with on behalf of residents in that area? You are aware that this is not smoke or particulates; it is VOCs and goodness knows what else. It is a cocktail of chemicals.

Dr Vertessy: It is not something we generally look at, really. That is probably a matter for the environment protection agency in the state, I would think, to be reporting on that kind of thing.

Senator LUDLAM: If they did, I would probably be asking my West Australian colleagues to put it to them. But unfortunately they do not, so I am putting it back to you. There is no follow-up or additional research or anything that you folks are prepared to undertake on behalf of residents up in that part of the world?

Dr Vertessy: I am not sure that we have the skills for that, Senator. We have a small capacity in air pollution or atmospheric chemistry, I suppose. It is not a strong speciality of the bureau.

Senator LUDLAM: In response to the questions that Senator Waters put to you, you indicated that you were aware that there is air quality monitoring equipment on site and Woodside do collect some data up there as a result of community pressure. Do you have access to that data or is that not in your remit?

Dr Vertessy: I do not think so. We can ask about that and if we do we will let you know, but I doubt it.

Senator LUDLAM: If that is an undertaking you can make, otherwise I feel like I am heading home empty-handed. The people there are suffering under quite extreme events of air pollution from time to time. If there is any follow-up you are able to make for us, that would be much appreciated.

Dr Vertessy: Can I correct a part of the record? Earlier I was talking about high temperatures in Canberra. I believe the record goes back to 1939, not back to 1910 as I advised earlier.

Senator Birmingham: Chair, can I just place one remark on the record here? There were some questions in relation to forecasting around tropical Cyclone Dillon asked before. Whilst the government took some action in regard to asking to be provided with an increased frequency of updates—and we will have a look at the frequency around tropical cyclone forecasting—I also want to put on record the government's full support for the bureau's staff in Queensland, who do an outstanding job in that regard. They faced some unfortunate criticism at the time that was not appropriate. We are having a look at the policies and protocols and we will make sure that those are right, but they are hard-working staff on the ground and they deserve to be publicly acknowledged.

CHAIR: Thank you. And I thank you for the water and land section on your website. I look at it every day to see when it is going to rain.

Dr Vertessy: Thank you.

Senator Birmingham: I think he prays at it every day.

CHAIR: I actually plant my crop on your forecast.

Dr Vertessy: Great.

Department of the Environment

[09:47]

CHAIR: We now move to outcome 2.1, Management of hazardous waste substances and pollutants, and I invite questions. Senator Urquhart.

Senator URQUHART: Has the packaging impacts decision RIS been finalised yet?

Dr de Brouwer: I will ask Dr Wright to talk about that.

Dr Wright: The decision regulation impact statement on packaging is in the process of being finalised. It has not been finalised yet.

Senator URQUHART: When will that be finalised, do you know?

Dr Wright: That depends on clearance by the Office of Best Practice Regulation and we are currently working with them on the details. I am not too sure. It could be several weeks or it could be a bit longer.

Senator URQUHART: When do you expect it to be considered by the ministers?

Dr Wright: As you would be aware, the Standing Council on Environment and Water is no longer in existence following the government's reform of ministerial councils. The packaging impacts statement was being considered under that council. It is currently a matter for the minister as to how he intends to interact with his colleagues following the abolition of the standing council. The Minister, to my knowledge, has not yet formed a view on how he is going to interact and collaborate with jurisdictions.

Senator URQUHART: When in the process will it be released publicly?

Dr Wright: Decision regulation impact statements are not released until they have been considered by the government.

Senator URQUHART: Right. So you do not know the time frame of that?

Dr Wright: I do not know.

Senator URQUHART: With environment and water no longer featuring on the list of COAG councils, does this mean an ad hoc meeting of ministers would need to be called to consider the decision?

Dr de Brouwer: Yes, Senator, that is right. The guidelines around this allow for ad hoc meetings to be held.

Senator URQUHART: Okay. So there would be no regular meeting to discuss these?

Dr de Brouwer: No, but it would be as required by ministers.

Senator URQUHART: Thank you.

Senator RUSTON: I am interested in the announcement about Tyre Stewardship Australia and the impact of that particular project on our natural environment. Can you fill us in on what is happening there?

Mr Edwards: Tyre Stewardship Australia is a company that was established by the tyre industry to operate a stewardship scheme. It has been a number of years in the development. The scheme was formally launched on 20 January this year. Initial activities have them scheduled to commence full operations during March. That is the estimate at the moment. Their focus at the moment is in developing their consultation and engagement strategy. There are a number of partners involved in the initiative and they are now undergoing further outreach. They are also working on the accreditation model. One critical element for the scheme will be to accredit people to make sure that they are actually sending their end-of-life tyres to appropriate uses.

CHAIR: So what is the plan for the recycling of tyres? We use a lot of tyres in Australia, with more trucks on the road et cetera. What is the plan as far as recycling, disposing or whatever?

Mr Edwards: The scheme won't fund recycling directly. It is a voluntary initiative by industry to actually look at the barriers to tyre recycling. As you say, there are a number of tyres in the country at the moment. It will do a number of things. One will be that it will work with people in the tyre supply chain and to work with others who can guarantee that the tyres are going to appropriate uses. It will also look at education around best practice used in management of tyres in the industry. It will also invest in technology and current gaps. There is a problem at the moment in the end-of-life tyre industry, if you like, in that there is no pull through for end-of-life uses for these tyres. A very large focus of this program will be to look at those opportunities, and hopefully increase recycling through those mechanisms.

CHAIR: Are you involved in the program?

Mr Edwards: The department worked as part of an industry and government working group to establish the program. So we have certainly been working for a number of years with industry to develop draft guidelines that were then accredited by the ACCC. They were subsequently launched and we keep in contact with the tyre industry to monitor progress and offer any assistance going forward.

CHAIR: I have seen a set of cattle yards made out of worn-out truck tyres stacked on each other for height and interwoven. They are very good cattle yards because when cattle hit the tyres they do not bruise. The same could probably be used for sheep yards. It is a bloke out in the central west. They are very good cattle yards. You could also use them in feedlots. Senator Ruston, do you have a quick follow up?

Senator RUSTON: Given that we have had a really long period of consultation to get to this point, are you in a position to be able to tell us the companies that have signed up to the project?

Mr Edwards: I have a shortlist, if you like, of the companies that initiated the first stage and are now consulting and engaging further. They are essentially a list of major tyre importers. There are others involved. There is Continental, Goodyear, Dunlop, Michelin, Pirelli, Toyo and Yokohama. There are also a number of industry associations who have committed to the scheme—for example, the Minerals Council of Australia and the Australian Motor Industry Federation. There are another range of recyclers who have signalled their intent to participate in the scheme.

CHAIR: Senator Whish-Wilson.

Senator WHISH-WILSON: In terms of the stacks of tyres and the potential risks that are posed by those—and on the very evening of estimates the last time we spoke there was a documentary on the 7.30 Report—is that a state-based responsibility, or do you have oversight in relation to those liabilities?

Mr Edwards: It is a state-based responsibility. The state EPAs monitor and regulate storage and handling of waste tyres, and there are obviously different approaches in different states. But all of those state governments have participated in the development of this scheme, which they see as complimentary to their on ground regulatory activities.

Senator WHISH-WILSON: Is part of the problem with this scheme that currently tyres are being disposed of illegally by unregistered or grey operators, and that existing companies don't necessarily want to disclose how they have already been disposing of these tyres?

Mr Edwards: This scheme, again, is not related to on ground management or handling. So, again, that is regulated by state EPAs. The genesis of this scheme goes back a number of years with the tyre industry wanting to put in place solutions. That does not mean that it is separate to their responsibilities, if you like, in terms of on ground handling. Certainly those suggestions are not a driver or related directly to this.

Senator WHISH-WILSON: Look, I understand all of that. I know that it has taken a long time and you are trying to get a voluntary scheme in place. But when we spoke last estimates you had extended the scheme. You had already anticipated that you would have the scheme up and running by October last year, was it? Why are we not seeing enough companies sign up to this? Is the incentive good enough to get a logo and get accredited? Is that really enough for them to sign up?

Mr Edwards: I could not comment on why the industry is not moving at a faster pace. But I can comment that they have moved very rapidly in the last 12 months. They have had the guidelines accredited in that time and they have established Tyre Stewardship Australia, which is an independent company. They have obviously needed to make sure that there are resources there to do that. They launched themselves in January, and are now contributing initial funding to get them to the first operational stage of the scheme. So all I can say is that they have made steady progress.

Senator WHISH-WILSON: So how many operators are there yet to sign up to this? If you could give me a statistical breakdown.

Mr Edwards: I would have to take that on notice. Just to clarify, though, this scheme is open to everyone in the tyre supply chain. So everyone from the manufacturers to the recyclers to handlers.

Senator WHISH-WILSON: I understand all of this, and I understand the value chain and the supply chain. But these are discussions that have been ongoing, as you said, and as Senator Ruston said, for quite some time. The information has been available. You have had negotiations with stakeholders to get Tyre Stewardship Australia together et cetera. So why are we not seeing, given the lead up time to this, more interest in the scheme?

Dr Wright: I think that it is because Tyre Stewardship Australia needed to be created and then get ACCC authorisation and then the importers needed time to get the scheme together. So currently the accreditation setup is being designed, and the collection of the levy does not commence until some time during March. So it is at that point when all of the details are available to all possible members, which is up and down the supply chain—from your tyre fitters to your recyclers. They have only just opened to business, so it was not possible for anyone to join before because all of the details and the guidelines were not available. Now that we have a corporate entity and a board, they are going ahead, and once they start collecting the levy then there is money to fund all the activities, the audits and so forth. So too have expected a lot of people to have signed up before would have been premature because they did not have all of the infrastructure available.

Senator WHISH-WILSON: I will change my questions now to e-waste. Is it true that the e-waste scheme has been performing very well and that you have probably more e-waste than you expected?

Mr Edwards: I have the results here for the first full year, which is the first year we have under the belt, if you like, for the scheme. The target for the first year, 2012 to 2013, for the scheme recycling was 41,236 tonnes. Achievement was 40,803 tonnes. So it was just under, by a very small percentage.

Senator WHISH-WILSON: Would some depots in some areas have got more than they had expected? Would that be a fair statement?

Mr Edwards: I do not think there was any way to model individual areas. I expect there would be some that had more; there would be some that had less. Certainly, co-regulatory arrangements have taken different approaches—for example, place by place events in certain places where there has not been a high demand, and in others they have maintained permanent sites.

Senator WHISH-WILSON: You say you have not done any modelling. I am interested, going forward, in whether you will continue the scheme. Are you expecting similar volumes over the next 12 months or 18 months?

Mr Edwards: For the scheme, the target gradually increases over a 10-year period. The way that we model overall for e-waste is that we look at the imports for previous years and then a percentage of that is allocated to the industry participating through the scheme. For the first year it was 30 per cent, this year it is 33 per cent, next year it will be 35 per cent, and so on. Over a 10-year period it reaches 80 per cent moving to the responsibility of industry. There will certainly be more e-waste that industry will be taking responsibility for—from local councils, predominantly, who retain responsibility.

Senator WHISH-WILSON: It is not a voluntary scheme, is it? It is a compulsory scheme at the retail level to levy a deposit?

Mr Edwards: It is compulsory in the sense that the computer and TV importers must fund a proportion of recycling. Basically, rather than do that themselves, they can pay a co-regulatory organisation, which is essentially an industry recycling organisation, who then organises the collection and recycling on their behalf. Certainly there are requirements placed on those organisations in terms of coverage and percentage collected.

Senator WHISH-WILSON: I have a couple of very quick questions on CDL. Dr Wright, have you had any meetings or representations in relation to container deposit schemes as part of the packaging RIS from the Beverages Council, Coca-Cola or any lobbyists such as Australian Public Affairs?

Dr Wright: I am not clear on your question, because as part of the whole RIS process which commenced in November 2010 there have been significant interactions with all major stakeholders—the Australian Food and Grocery Council, the beverages industry, the Boomerang Alliance. There have been many workshops. Options for the beverage packaging industry have been modelled in both the CRIS and the DRIS. Similarly, for Boomerang Alliance, the analytical consulting firms who were engaged to do the modelling for us had many interactions with both sides of the camp to ensure that the details of their proposed schemes were accurately reflected. So there have been huge interactions.

Senator WHISH-WILSON: I understand there has been a lot of interaction; sadly, we do not have a result yet. I know that is not your fault, Dr Wright. Have you had any representations or directions from the Prime Minister's office or PM&C in relation to this scheme or to COAG meetings?

Dr Wright: No.

Senator WHISH-WILSON: Who covers the cost of your future environment ministers meetings, now that there is no COAG forum? Is that something that is broken up amongst the COAG states?

Dr de Brouwer: I think those costs have always been covered by the department. These meetings, as they occur in the future, will continue to be—

Mr Thompson: One of the fora that was not abolished was the National Environment Protection Council, which exists in statute in the NEPC act. Under those arrangements, there is a special account, a common fund, into which the Commonwealth and the other jurisdictions contribute, which funds a range of the work that is undertaken as part of that. So that fund still exists and, as Dr de Brouwer said, we do not normally draw on that for the running of meetings; that is not a huge impost.

Senator WHISH-WILSON: Dr Wright, you mentioned that you are still finalising the DRIS; that is pretty much what you said last time we met. How many people in the department do you have working on this?

Dr Wright: The decision RIS has been developed by a working group which is cross-jurisdictional, which has been led by New South Wales. We have a team that works on product stewardship and we have one key player who, as required, is working on this particular subject. As we are in the final stages, there are particular questions that we need to resolve regarding interactions with the working group. So the whole analysis is undertaken through the working group chaired by New South Wales.

Senator WHISH-WILSON: I suppose where I am going with this is: there have been no delays in relation to this specifically to hold up COAG meetings to make a decision on container deposit schemes?

Dr Wright: No.

Senator WHISH-WILSON: Maybe that was a statement more than a question.

Mr Thompson: As Dr Wright said, the document is currently with the Office of Best Practice Regulation, which is standard practice for all decision RISs and consultation RISs. So it is with them at the moment.

[10:06]

CHAIR: Moving right along, I call officers from the department in relation to outcome 2, program 2.2, Sustainable communities.

Senator URQUHART: In the MYEFO, funding for the extended Tasmanian forestry workers assistance program ceased, with \$2.4 million over two years having been cut. To your knowledge, what effect will this have on forestry workers while the industry restructures?

Mr Thompson: That question is probably better framed in outcome 1. These officers are not involved in administering that program.

Senator URQUHART: I asked this question and went through three areas last time and we ended up coming back here.

CHAIR: It is confusing, isn't it, Senator?

Senator URQUHART: It is very confusing. I understood that this was where it needed to be asked.

Mr Thompson: No.

Senator URQUHART: It is 1.1?

Mr Thompson: It is 1.1, Tasmanian forests.

CHAIR: Senator Ruston?

Senator RUSTON: Hopefully, I am in the right place here. With respect to the National Sustainability Council, do you have any ballpark figures on how much was spent on setting the council up and running it?

Ms Lynch: The cost associated with the National Sustainability Council was \$175,156 in total. That included the cost of production of the Sustainable Australia report in 2013 and also the cost of the six meetings of the council, including the sitting fees, which were in accordance with Remuneration Tribunal rates.

Senator RUSTON: Obviously the council has been abolished. How confident is the department that the charter and the actions that were expected of that council can be absorbed back into the department?

Mr Flanigan: In large measure, the role the council played was providing, if you like, a standing resource of experts that the minister and the department could draw on in producing the work which was effectively about trying to measure and monitor sustainability. The department, in taking on the functions of the council, is continuing to do work around trying to measure sustainability and be able to pull together the analysis of that work. So we are quite confident that we have the skills within the department to pull that information together for government.

CHAIR: Senator Waters or Senator Whish-Wilson: who would like the call?

Senator WATERS: Could you come back to us, please?

CHAIR: We do not have any other questions.

Senator WATERS: We should have taken longer in the last session. Could we call the last speakers back to answer my two questions?

CHAIR: No, we cannot; I do not think so.

Senator WATERS: Are you sure?

CHAIR: Where is Senator Ludlam?

Senator WATERS: He is on his way, as I understand.

CHAIR: We are going on to program 3 next. While we are filling in time, could we have the people in relation to waste back for a question or two? They have left, have they?

Mr Thompson: I can have a crack, if it is helpful.

Senator WATERS: Thank you. They are fairly high-level questions; I am sure you will be across them.

CHAIR: How do you define 'high-level'?

Senator WATERS: We will see. Thank you, Mr Thompson and Chair, for your indulgence.

CHAIR: Why don't you ask your questions now, Senator, as these people in front of us might know the answers?

Senator WATERS: That is what I am intending to do; thanks, Chair. With the abolition of SCEW, I am wondering whether the clean air plan is still on track for delivery this year.

Mr Thompson: Mr McNee might answer that, but I will start. As we indicated earlier, the decision of the government was to not continue with the Standing Council on Environment and Water. The legacy items from that ministerial council and how they will be dealt with are still matters under consideration by the government and we are in the process of advising the government on those matters. The national plan for clean air, as you point out, was one of the agenda items pre-existing for the standing council, so we are still in the process of advising the government and getting a decision on how to progress those things.

Senator WATERS: So we do not know at this stage whether that plan will be progressed and, if so, whether that will happen this year or not?

Mr Thompson: I cannot answer that definitively; not at this stage.

Senator WATERS: What is the department doing to effectively substitute for the national consistency approach that SCEW was taking? Is there anything that the department is now doing to try and get some national regulatory harmony in place of SCEW?

Mr Thompson: The end of the standing council, as COAG and the Prime Minister's announcement made very clear, was not the end of collaboration and cooperation with the states. We are continuing to work across that range of agendas, including the national plan for clean air, until final decisions are made about how to progress that at ministerial level. As Dr de Brouwer pointed out earlier, there is scope and an intention to have an informal ad hoc meeting of ministers at some point. There is also, of course, scope for ministers to deal with matters out of session, to deal with them through correspondence and those sorts of things. Also, as I indicated to Senator Whish-Wilson earlier, there are other fora which are continuing, including the National Environment Protection Council and the Murray-Darling Basin ministerial forum.

Senator WATERS: So, despite the abolition of the body, the work is continuing much as it did?

Mr Thompson: No, I would not say that. What I was trying to say was that we are still collaborating with the states on a range of things but we are in a process now of testing with the government and the minister how the government wants to progress those matters.

Senator WATERS: Thank you, Chair. I think Senator Ludlam has missed his chance, by the look of things.

CHAIR: Senator, what do we do?

Senator Birmingham: It is a new Senate estimates game called 'waiting for Scott'.

CHAIR: We will give him a minute or so before moving on to the next item.

Senator Birmingham: If the committee would like, I am sure that we could move on to Antarctica and, if Senator Ludlam wants to appear shortly—five minutes before the morning tea break—we could bring back officials from sustainable communities for that five minutes.

[10:14]

CHAIR: We will do that. I call officers from the department in relation to outcome 3, program 3.1, Antarctica science policy and presence. Senator Ruston, you can open the batting here, given that Senator Urquhart is not here.

Senator RUSTON: With the icebreaker, what has been the funding and budgetary process over the last few months in relation to that particular project, given that there was no funding projected and put into the forward estimates of the previous government's budget when they left office?

Dr Fleming: The government is still considering its options for the next step with the icebreaker. There was \$300,000 in table 1.2; it was gateway funding. The measure also includes funding of \$3.3 million in 2013-14. The component of the measure was included as a decision taken but not yet announced. That \$3.3 million will fund the program for the next year.

Senator RUSTON: What is the situation in terms of the actual vessel; when does its lease expire?

Dr Fleming: We have done life extension works with P&O and the vessel will be out of contract at the end of the 2016-17 season.

Senator RUSTON: Are any challenges faced because you have had to extend the life of this particular vessel, or have they been adequately dealt with in your negotiations with P&O?

Dr Fleming: They have been adequately dealt with in the life extension program.

Senator RUSTON: Can I ask you about the incident over Christmas, when we had the boat stuck in the ice? What was the cost to the Australian government of our involvement with the rescue of the tourists over the Christmas period?

Dr Fleming: The direct costs to the Australian Antarctic program were about \$1.8 million.

Senator RUSTON: Are we aware of the circumstances around how the boat actually got stuck in the first place? There was some suggestion that there were some warnings issued to the captain of the boat that they should get out of there that were not actually heeded. Is that the case?

Dr Fleming: I do not know what the captain was warned about. It is a matter for the master of the vessel to put the vessel in any place.

Senator RUSTON: Back on the dollars, the \$1.8 million, are we attempting in any way to recoup those costs or have we accepted them as a write-off?

Dr Fleming: No, we are attempting to recoup those costs.

Senator RUSTON: Obviously you are at a stage where you have no more information apart from that we are attempting to recoup them, or is there more that you can tell us?

Dr Fleming: We are having discussions with the insurance companies and it is a complicated process. We are having further discussions with the insurance companies.

Senator URQUHART: Can you advise the committee on what exactly the 20-year Antarctic plan committed to in the election adds to the plans that were already in place prior to the election?

Dr Fleming: The 20-year Antarctic strategic plan has as its terms of reference the strategic importance of Australia's Antarctic interests, expanding the role of Tasmania as the gateway for Antarctic expeditions and scientific research, ensuring robust and reliable access to the Australian Antarctic Territory, extending Australia's reach across the Australian Antarctic Territory, committing to undertaking nationally and globally significant science, and committing to exercising influence in the region through the Antarctic treaty system. They are the terms of reference and you can see them on our website. There is further detail in those terms of reference.

Senator URQUHART: What are the differences between what was in place prior to the election and what is now in the 20-year plan?

Dr Fleming: The 20-year plan, from my point of view, is a great initiative. It will focus the program for the next 20 years. The plan will cover access and logistical support, science policy and leadership in international—

Senator URQUHART: Yes, I understand that. I just want to know what the differences are in that plan compared to what was already in place prior to the election. Are there any differences and, if so, what are they?

Dr Fleming: The plan will not be completed until 30 June, so I cannot tell you about the differences with this plan.

Senator URQUHART: Okay. To date, are there any differences in the plan compared to what the plan was before the election?

Dr Fleming: The division had created a 10-year strategic directions document, but the government had not created a vision for the Antarctic program, and this will create that vision.

Senator URQUHART: What are the differences in that?

Dr Fleming: There are very significant differences.

Senator URQUHART: What are they?

Dr Fleming: The government has committed to increasing our presence in Antarctica.

Senator URQUHART: And that is a difference from prior to the election?

Dr Fleming: Yes. Also the government has funded the Centre for Antarctic Science. That will be included in the strategic plan. It is also—

Senator URQUHART: That was something that was not in there prior to the election?

Dr Fleming: It was a specific initiative from this government. It also committed funding for an extension for the airport, and that will be included in this strategic plan, and the influence of that on the Antarctic aviation program.

Senator URQUHART: So that is different from what was there prior to the election?

Dr Fleming: Yes.

Senator URQUHART: They are the only two?

Senator Birmingham: Senator, as Dr Fleming has indicated, the plan is being developed.

Senator URQUHART: I understand that, Senator Birmingham, but what I have asked is: what was the difference before the election up to now?

Senator Birmingham: Dr Fleming has given some key policy differences of commitments by our government that were not in existence prior to the election. The strategic plan itself is—

Senator URQUHART: I understand that.

Senator Birmingham: It is a live document under development and, once it is completed, then you will be able to see that—

Senator URQUHART: I understand that.

Senator Birmingham: It provides a great monitor and pathway.

Senator URQUHART: The question was—

Senator RUSTON: Could the senator let the parliamentary secretary answer the question, please?

Senator URQUHART: The question was being answered and the point that I wanted to know was: what was the difference?

Senator Birmingham: I was adding some extra information.

Senator URQUHART: I am not sure that you added anything, but that is fine.

Senator Birmingham: That is your judgment.

Senator URQUHART: So there are certainly those two and then there may be others once the plan is finalised? Is that what I understand you to be saying, Dr Fleming?

Dr Fleming: I am sorry?

Senator URQUHART: I said there were two that you outlined, the runway and the centre. They are the two that are different from what was in place?

Dr Fleming: There is a further difference. It will be a comprehensive look at the program. The modernisation of the program announced under the previous government was selective in terms of looking at shipping, aviation and station modernisation. This will be a comprehensive look at the program.

Senator URQUHART: I am sorry if you answered this while I was out chasing a teabag, but can you just update me on the progress for replacing the Aurora Australis? I understand that around 2017 is the end of life of

that vessel. I know that Senator Ruston was asking some questions and I am not sure whether I missed those answers.

Dr Fleming: After the 2016-17 season, the Aurora Australis will be out of contract and the government is still considering options to go to the next step on the replacement of the vessel.

Senator URQUHART: Do you know whether the replacement will be built in Australia, or will it be built overseas?

Dr Fleming: I do not know that.

Senator URQUHART: Minister, maybe you could shed some light on that?

Senator Birmingham: The previous government initiated a request for a proposal process. My understanding is that the overwhelming majority, if not all, of the proposals received from the request of the previous government were from Australian companies but Australian companies that looked at overseas build of the vessel. That, of course, is the information that we have inherited. We are going through the usual budget processes, though, in having a look at the options available to us.

Senator URQUHART: Thank you.

CHAIR: Senator Waters.

Senator WHISH-WILSON: I will take over in place of Senator Waters.

CHAIR: Go for it.

Senator WHISH-WILSON: I have a pretty broad question, looking at the outcomes that we are discussing today, advancement of Australia's strategic, scientific, environmental and economic interests in the Antarctica. Back in January, when we had the first conflict over whaling with the Japanese whaling fleet, we had a number of international law experts debating whether we should have more of a presence in the whale sanctuary in Antarctica or whether we should not, based on the potential issues around relationships with other countries. Do you have any connection at all with the whale sanctuary down there and do you have any comments on whether you agree that we should be resourcing that area more? For example, I think the government had a very clear policy, going to the election, to send the Ocean Protector down there. Do you have any comments at all on issues relating to that?

Dr Fleming: Another part of the department is responsible for whaling policy. The Aurora Australis—

Senator WHISH-WILSON: Sorry, part of your department?

Dr Fleming: No; another part of the department.

Senator WHISH-WILSON: Another government department?

Dr Fleming: The environment department. The Aurora Australis transits the Southern Ocean four or five times each year and transits the whale sanctuary, and we have a significant presence in the Southern Ocean.

Senator WHISH-WILSON: Was it your aircraft that the government leased to fly over there? Was it an aircraft from Minister Hunt's departmental resources that was leased elsewhere to do a flyover of the Japanese whaling fleet?

Dr Fleming: The A319 is chartered by the division and it was used.

Senator WHISH-WILSON: So you were paying for those flyovers, or is another department going to cover the costs of that?

Dr Fleming: I think another part of our department will cover the costs.

Mr Oxley: The Antarctic Division is not, as I am aware, covering the costs.

Senator WHISH-WILSON: They are going to cover the costs?

Mr Oxley: Not.

Senator WHISH-WILSON: They are not; okay.

Dr Fleming: Perhaps I could just add to the budget documents. The total in 1.2 points to an amount of money which is allocated for Southern Ocean flights monitoring of whaling and protest fleets—it is on page 23—and money has been directed to that end.

Senator WHISH-WILSON: But you could not comment on any of the operational issues surrounding that as to how often aircraft have been used?

Dr Fleming: No. I would defer to other parts of the department.

Mr Oxley: It is a matter of public record that the aircraft has made one flight, but we do not comment beyond that.

Senator WHISH-WILSON: Thank you. I have one question. Can I ask you about the importance of the scientific research that you are doing in the Antarctic around ocean acidification and whether any of these international collaborations you have been involved with are under threat from funding?

Dr Fleming: Dr Nick Gales, our Chief Scientist, will answer that question.

Dr Gales: It is a large focus of the work that we do. Across the portfolio of climate science, the ocean acidification issue is the subject of a suite of research projects and they are large, international collaborations that cover a really wide range. So through the Antarctic climate and ecosystems CRC, of which we are a senior partner, there is major work looking at everything from what is actually physically happening in the ocean, the chemical changes, and therefore understanding the likely future trends in acidification under a whole range of different scenarios. Then that work is implemented in a range of biological experiments that again range from open-water experiments—we are preparing for a major experiment in the next summer season—to where we will have effectively what is like a large aquarium set on the ocean floor near Casey Station and we will treat the water with different regimes of carbon and carbonic acid to reflect possible changes and we will look at how the organisms react.

We also do experiments in our krill laboratories at Kingston in Tasmania. There we have been looking at a whole range of different future scenarios for ocean acidity and looking at larval development of krill and how that is affected and, in fact, at experiments that look right through from bacteria and then model through what might happen in the future. So it is a fairly significant part of our program and we do it with a lot of partners.

Senator WHISH-WILSON: Could you give us an idea of how long it will take? I understand that some results have been released already, but is it a 10 or 15-year program, or is it more short term?

Dr Gales: We know from the work that we are doing in physical change that PH is changing and we are tracking that change. We are working on models, again within the international community, to try to improve the precision and the uncertainty around future projections of that. The actual experiments themselves typically run for three years or so. Between three and five years most of these projects actually run. But in the end, they will look at some of the physiological and biological responses of animals. All we can then do is use the best ecosystem models we have available to us to kind of project forward what possible scenarios there are under a range of changes in ocean acidification.

Senator WHISH-WILSON: So the work that you are doing would be of significant global importance?

Dr Gales: Absolutely, yes.

Senator WHISH-WILSON: Are any other organisations or countries contributing financially to the research?

Dr Gales: There are; there are a whole range. The example I gave you of the experiment we will be doing next summer, with the large aquarium on the ocean floor, means the aquarium development comes from Monterey Bay Research Institute in California. It is the first time they have used this type of equipment in a polar system. So they are major contributors. Also the chief investigators and the co-investigators on that project—I cannot remember the exact number of nations and institutes, but it is a very wide-ranging group of people involved in that. There will be a lot of focus internationally as to what the results of that are.

Senator WHISH-WILSON: Is there any work going on on issues like fertilisation? Is it iron that you add to the ocean or other types of mitigation strategies, or is it more just looking at what is actually happening with the ocean floor?

Dr Gales: Certainly, as part of the next phase of the Antarctic climate and ecosystem CRC that I have just mentioned. We have just gone through the process of developing the science plan, which has recently been reviewed by the CRC board. Based on their review, we will implement whatever aspect of the plan over the next five years. A major part of that, and one of the two themes, is understanding the chemical change in the Southern Ocean, and it is looking at areas in which iron fertilisation is limiting on biological productivity. Those areas are not even but are quite complex. So it will be a major look at the way iron controls biological productivity and that will inform any discussions around how, if you wish to try to mitigate or use iron in a larger system, it would inform that kind of consideration.

Senator WHISH-WILSON: A more effective method might be for us to start reducing our emissions effectively.

Dr Gales: I shall not comment on that.

Senator WHISH-WILSON: Thank you.

CHAIR: Senator Waters.

Senator WATERS: Thank you, gentlemen, for being here today. I saw some recent media reports about some abandoned fuel drums at Wilkes Station near Casey. Obviously it is legacy waste from the sixties, if I recall. Can you talk to me about what is being done to clean them up? Obviously there is quite a large number of them and the reports say that they contain not only fuel but also some chemicals and that apparently they are leeching.

Dr Fleming: Wilkes Station was built by the Americans in 1957 and was handed over to the Australians in 1959, and the Australians used Wilkes for about eight years, nine years, and all of that waste was a legacy of that station. Dr Nick Gales can describe what the scientists are doing now.

Dr Gales: Again it is a fairly major part of the science program to try to deliver the science outputs that can steer effective management of those areas. Scientists from the Antarctic Division are actually global leaders in trying to remediate soil contamination in polar environments. We have been conducting, over the last decade, a range of experiments that look at special barriers; they look like a heavy duty flywire, if you like, that you can put in the ground that prevents the spread of materials as well as actually getting the materials remediated in Antarctica in these things called biopiles, where we treat them in a manner—putting air through them and moderating the temperature—that allows a very rapid bacterial action that can break it down to much more acceptable levels. There has been a huge emphasis on developing the science that can then be implemented in the management framework so that we do not have to bring back all of the materials.

We have had surveys through the areas of contamination so that we know what is there and we have specifically remediated particular sites, like the Thala Valley, as a way of developing these techniques that can then be implemented on a larger scale at some of these sites. At the same time, in our policy forums, we have been driving major changes through the Antarctic Treaty system to try to get some clear objectives and methods around remediating other contaminated sites. There are many legacy sites across Antarctica. So it is very much within our purview to move to this. It is a large amount of waste—perhaps 17,000 cubic metres—through that area, and you do not want to go in and start disturbing the areas until you have a very well organised plan of how you will deal with the whole thing. So our development of the techniques has been our lead-in towards that.

Senator WATERS: How is the funding for that program going? It sounds as though the science is coming along nicely. You have referred to an umbrella management plan. Is that being funded by government? Also, what is the time frame for the site being remediated?

Dr Fleming: We have remediated, as Nick has said, the Thala Valley waste disposal site near Casey Station, and that was a major undertaking. We learned from that, and we are still learning, the techniques to remediate Wilkes. There is not a funding stream to remediate Wilkes; there is a funding stream to do the scientific research to understand the techniques that we could use to remediate Wilkes.

Senator WATERS: With the provision of additional funding, might that stream speed up?

Dr Fleming: No. Additional funding will be used to remediate Wilkes. The science is developing and, in the next two years, I think we will have the techniques to be able to remediate Wilkes.

Senator WATERS: In the meantime, what environmental damage is being done by those leaking drums?

Dr Fleming: We are monitoring it. I am not quite sure how the monitoring is going. Can you provide any detail, Nick?

Dr Gales: We are certainly aware that, in the Wilkes area, there will be highly localised contamination and impact. I think, in the area in the Thala Valley, there were looks at how the actual near-shore environment has been moderated by bioflow. So we know that there are effects there. At the moment we can really only model it, because really a monitoring program is a major effort in itself and the focus has been on developing the techniques under which we would remediate it. So we have scanned the area and we know what is there, and that can enable planning for future remediation efforts.

Senator WATERS: Just to make sure that I have got that correct, you have funding to do the science so that the remediation will be appropriate?

Dr Gales: Yes.

Senator WATERS: But there is not any monitoring of the environmental damage being done; there is only modelling of that damage? Is that correct?

Dr Gales: The work on monitoring really has been trying to understand the scale and the nature of the contamination there. Recently there have been efforts to survey the entire area, which is how we have derived approximate estimates of the amount, that 17,000 cubic metres. We are aware of the nature of a lot of that waste

and we have managed to do impact research from the Thala Valley. That has not yet been initiated across in Wilkes, but I think that would be part and parcel of the whole remediation effort in the future.

Senator WATERS: The reports were that the chemicals were accumulating on the sea floor, as you have just alluded to—

Dr Gales: Yes.

Senator WATERS: But that there was also build-up in local plants and animals. That is incredibly alarming and I am disturbed that funding is not being provided to address those effects, at least to monitor them and to turbo charge that scientific remediation program such that you can actually stop those environmental effects.

Dr Fleming: We have been looking at the sediments. I cannot provide the detail of that sediment analysis. I could provide it in due course.

Senator WATERS: Thank you. If you could take that on notice, that would be great.

Senator Birmingham: Just before the break, perhaps I could add one little piece of additional information in relation to some of the questions about the Standing Council on Environment and Water. I am advised that the government expects a meeting of Commonwealth, state and territory environment ministers to be held in late March this year following the outcomes of the Tasmanian and South Australian elections, obviously pending the availability and coordination of all of the relevant state ministers.

CHAIR: We will take a break and return at 10.55 with outcome 4, Murray-Darling Basin Authority.

Proceedings suspended from 10:41 to 10:56

Murray-Darling Basin Authority

CHAIR: We now turn to outcome 4. I call officers from the Murray-Darling Basin Authority, together with officers from the department, in relation to program 4.1—water reform.

Senator Birmingham: Chair, just for the record, I would clarify that officials from 2.2, sustainable communities, are no longer required by the committee.

CHAIR: Yes.

Senator Birmingham: If Senator Ludlam has questions, he will put them on notice.

CHAIR: He will put them on notice—exactly. The time has expired. Thank you, Senator Birmingham. Dr Dickson, would you like to make an opening statement?

Dr Dickson: No, thank you very much.

CHAIR: I invite questions. Senator Pratt.

Senator PRATT: Thank you. I wanted to begin by asking about the constraints management strategy, which has now been released. Can I ask for some feedback about how the consultation and the draft strategy have been received by Basin communities and stakeholders?

Dr Dickson: Since it was finalised in November, we have not had anything but reasonably positive responses to the strategy. It has now moved to the stage of going through the first phase of what is really a 10-year strategy. So there is a lot more work that needs to be done, working with communities and also working with the state jurisdictions through the various elements of the strategy.

Senator PRATT: Was there any commentary in regard to constraints to releasing environmental flows, in relation to that feedback?

Dr Dickson: The purpose of the constraints strategy is to look at the constraints to environmental flows and how the system can be managed in a way that can maximise the benefits of environmental water; so, in fact, that was the core part of the strategy.

Senator PRATT: What were the main concerns? You have said that it was positively received, but what were the main concerns, such as they are?

Dr Dickson: In the lead-up to developing the strategy over the year preceding, a lot of issues of concern were raised by people about what it meant for them and how much time there would be to properly assess the local impacts and to look at the mitigating options. People were concerned that there should be enough time allowed to do that and, given the extent of the land holdings along the river, that this would be done properly. So the fact that we had a three-phase approach and that it would be run through a 10-year process, I think, gave people a little bit more certainty that there would be time to work through the issues properly.

Senator PRATT: What issues were identified that you are working through?

Dr Dickson: The issues were that people wanted to know what the likely impacts of changes to river levels—this is at the community level—would mean, if they were landholders, for their paddocks along the side of the river; if they were local governments, they wanted to know what this would mean for them for how the river is managed in their particular part of the environment; and industry—the irrigators—were very keen to know what the implications might be in terms of their use of the river. Their key concern was that there would not be any impact on their reliability, and that is one of the core principles of the strategy: looking for changes that do not affect reliability of entitlements.

Senator PRATT: What is the impact on reliability of entitlements, if any?

Dr Dickson: The principle on which they are developing the approaches is not to have any impact on reliability. So the answer to that question is that there will not be any. It is quite a complex structure, the way the water resource is managed. There is quite a lot of modelling and testing of different approaches to be able to make sure that the principle can be met. This is a piece of work that needs to happen over a number of years.

Senator PRATT: What was the involvement of the Commonwealth Environmental Water Holder in relation to the strategy?

Dr Dickson: The Commonwealth Environmental Water Holder—with whom we keep in very close contact—involved us in the concerns that he might have in terms of what was a more efficient way for him to be able to use his water. He was very interested in having an outcome that was going to enable the best possible use of the Commonwealth water holdings. He provided his views on that, just like other water holders as well, in terms of the benefits of the improved environmental watering. The Commonwealth Environmental Water Holder—it is probably best for him to talk—has his own process for how he manages risks. That is independent of the overall broad strategy we were looking at.

Senator PRATT: Terrific.

Mr Papps: The situation, from our perspective, in terms of our input is as Dr Dickson has described: we were providing advice to her in terms of our interests around constraints and the delivery of Commonwealth environmental water. She is quite right to make reference to the internal processes that we have in allocating water to the environment, in which we take a very cautious approach and undertake a high level of risk assessment, particularly around potential third-party impacts on private property.

Senator PRATT: Is that the advice that you have been providing as part of the process here?

Mr Papps: Not only a familiarity with our internal processes but the experience that we have gleaned from our own operation over the years in terms of constraints and the impact on delivery of environmental water.

Senator PRATT: My last question is in relation to the \$200 million allocated for dealing with constraints. What is the extent to which that money will make a significant difference to managing water in the basin?

Dr Dickson: That is an assessment that will need to be made at the end of this year. At the end of this year, we will be providing an annual report, as required under the basin plan, on how the strategy is progressing. This year we will be doing pretty much the pre-feasibility work to get a much better idea of the likely costs of different changes to river management in terms of the mitigating options. It will be for the Commonwealth minister, in terms of the decisions on the allocation of those funds, and the state jurisdictions, who will need to agree to any changes; that is a collective decision. There is still a lot more work to be done on determining the basis on which governments need to make decisions on the use of the funds.

Senator PRATT: What is the basis for working out what difference \$200 million would make versus \$100 million or \$300 million? There has to be some quantum sense that \$200 million is a budget that reaches the objectives that are already clear, surely.

Senator Birmingham: Senator Pratt, that figure was, of course, a figure set by your government.

Senator PRATT: Yes, I understand that.

Senator Birmingham: We are working through a process, as Dr Dickson has indicated. The broad strategy has been finalised. But, within that, there will now be specific projects given consideration regarding the likely costs of those specific projects as against the potential benefit to management of the river systems and delivery of environmental water assessed. Obviously, we will then have to look at how far the \$200 million potentially reaches with respect to the type of benefit that could be achieved.

Senator URQUHART: I want to talk about the Sustainable Rural Water Use and Infrastructure Program.

Dr Dickson: That is a question for the department.

Senator URQUHART: Can you explain what changes have been made to the program since the election, and has there been any redirection of funding or any changes such as that?

Ms Harwood: The Sustainable Rural Water Use and Infrastructure Program now encompasses both the infrastructure and the buyback activities; so the program has the same name, but it now incorporates the full remit of our water recovery activities. The profile for the program has been changed, in accordance with the election commitment to rephase funds. That rephase has taken place and now is reflected in the portfolio additional estimates, which moved \$650 million beyond the forward estimates. Most of that came from the water buyback capital funding, but some of that was rephasing of infrastructure funding but still allowing for the full program delivery.

Senator PRATT: What effect will the moving of those funds out of that area have on this program?

Ms Harwood: The main effect is to slow the pace of water buyback; that is the primary effect.

Senator Birmingham: Which is consistent with the government's policy objective to give priority to water recovery by investment in infrastructure and efficiency measures; that is what we are doing. It obviously will not have any impact on our commitment to meet and see the basin plan implemented in full and on time by 2019.

Senator RUSTON: At estimates in November, I pursued some information in relation to the agreements with the Commonwealth and the South Australian government in relation to the desalination plant that was built. From the answers that I received, it appears that there were two separate agreements: one in relation to the 50-gigalitre plant; and one in relation to a subsequent additional 50 gigalitres, which made it up to a 100-gigalitre plant. Can I get it quite clear that there was an agreement with the first 50 gigalitres that an amount of water would be returned to the Commonwealth as part of that agreement?

Ms Harwood: My understanding is that the water return components were linked to the expansion to the 100-gigalitre plant.

Senator RUSTON: In your response to me, you have suggested there was a six-gigalitre component, plus a 12-gigalitre component under certain conditions.

Ms Harwood: Yes, there is a sort of rolling environmental recovery.

Senator RUSTON: Notwithstanding the fact that obviously there was a certain amount of insurance involved in the establishment of a desal plant, from my calculations that works out to be something like \$50,000 a megalitre of returned water. One would have to suggest that that was not a terribly efficient way of getting water back to the Commonwealth.

Ms Harwood: The primary purpose of the grant was to assist South Australia with the construction of the desalination plant. One of the conditions of funding was to provide a water return to the Commonwealth, and they are the provisions that we have described to you.

Senator RUSTON: At the time of these agreements being established, particularly in relation to the 50- to 100-gigalitre increase, did the department provide advice to the previous government to suggest that they were in support or otherwise of that particular project or to increasing the scale or scope of the project?

Ms Harwood: The department provided advice to the government throughout the negotiation process with South Australia. There is a fair amount of detail on this recorded in the ANAO report on the desalination plant funding decision. But the answer is that, yes, the department was involved in and supporting the negotiations and provided advice to the government on that matter.

Senator Birmingham: My recollection of that ANAO report is that it did highlight that the department had at least indicated that the provision of such funding was contrary to some of the established guidelines for the programs under which it was funded. That would probably be an abridged version of the ANAO report, I am sure.

Senator RUSTON: I am sure there were more words than that; thank you. Can I move on to the authority. There has been a lot of speculation over some time about the changes in state government funding towards the activities that are undertaken by the authority. New South Wales particularly has pulled a lot out. Where are we at with the South Australian government's suggestion that they may also be seeking to reduce the amount of funding that they are making available to the projects that are administered under your jurisdiction?

Senator Birmingham: Dr Dickson may wish to add something in terms of what any of the impacts of reduced funding would be. The ministerial council did meet two weeks ago or thereabouts and agreement was struck for a review of cost shares to be undertaken relatively urgently, which I hope, with the good faith of all participating jurisdictions, will provide something that will allow us to strike a sustainable budget for the authority. As I have said, I will let Dr Dickson add some context to this statement. I do have serious concerns that, if we do not achieve satisfactory contributions from all jurisdictions—especially New South Wales and South Australia, who

have both threatened funding reductions—it will have impacts on the effective operation of the river and, ultimately, long-term impacts potentially around the management of major assets, including the major river storages. Dr Dickson may wish to give a little context regarding what some of those risks could be.

Dr Dickson: I think that is largely my answer.

Senator RUSTON: And particularly the implications, because I notice that obviously the first things to go are going to be the non-essential activities that you were previously undertaking. I have had a pet thing about the native fish strategy, which obviously is completely off the agenda now. I wonder what other things are likely not to be able to be funded into the future.

Dr Dickson: That is right. Since New South Wales originally made their reduction, which is 18 months ago now, there has been a substantial reduction in the activities that are jointly funded by the governments, fish strategy being one of those. Also, a number of the programs have been reduced in size and scale but are still at a level that we believe is going to be sufficient for the proper monitoring of River Murray water health and for the sufficient monitoring of the activities and the operations.

The challenge with further reduced funding does mean, as you say, that ministers will have to make decisions on which activities they will no longer continue either to do jointly or take back and run themselves, or at a lesser level. One of the biggest risks, as Senator Birmingham has said, is the long-term management of the assets. The assets are very old; some of them go back to the twenties—Huon Dam to the thirties. So they are the sort of assets that need continual upgrading and maintenance to keep them in a good situation. A lot of work has been done over the last 10 years to get them to that situation, but these are the sort of assets that need continual repair to keep them in a safe and satisfactory operating situation. These are some of the long-term risks. Into the future, if activity is not undertaken to maintain them, the challenge is that, with some of these activities, it takes many years to do the planning and the resourcing of some of these activities.

With the Huon Dam, for example, they will finish this year the final upgrade, the major work that had to be done to Huon Dam from 1996—I am not sure whether I have the right date there—when there was the major problem with the Huon Dam wall. So these things take a very long time to plan, to get agreement to funding and to then undertake the activities. So the type of work that you need to do for assets of this nature is to have a long-term plan, which we do with an asset management plan. That has taken about four years to develop but all governments have agreed to it; and it is critical for the long-term sustainability and the confidence of communities and the water users, irrigators, as well, that these things are maintained in a continuing, workable situation.

Senator RUSTON: Ms Harwood, my understanding is that, since 2011, no money has been allocated to South Australia under the PIPP(SA) program; is that correct?

Ms Harwood: Two rounds of the program have been run, with calls for applications, and the program is rolling out. There has been funding under contracts in rounds 1 and 2 rolling out over—

Senator RUSTON: How much was that?

Ms Harwood: It is about \$14 million all up for the two rounds.

Senator RUSTON: How much was the total amount that was allocated to that program?

Ms Harwood: Originally allocated to that program was \$110 million.

Senator RUSTON: So there is still a substantial amount of money left in that pot?

Ms Harwood: Yes. It rests essentially in the global amount for state priority projects that South Australia have. They have approximately, from memory, \$89 million of the original state priority project funding which has yet to be allocated to a specific project.

Senator RUSTON: Have you been working with the South Australian government to try to see whether we can get some of these projects on the ground? I would have thought that, given the nature of what is happening in South Australia, and has been over the last three years, particularly with the delays in getting the River Murray sustainable programs up, we have had three years when there has been a whole heap of money available for irrigators if they come forward with projects. What has been the problem? Why hasn't the South Australian—

Ms Harwood: I think there have been very substantial alternative sources of funding for people to do irrigation efficiency upgrades. South Australia has been very successful through the on-farm irrigation efficiency program that covers the whole southern basin, but there have been substantial grants to the South Australian NRM board to run tranches of on-farm irrigation efficiency improvements. Also, the South Australian government has actively sought to have the South Australian River Murray sustainability program finalised. That came under contract in August last year. That provides substantial funding for irrigation efficiency projects as well; I think it

was the South Australian government's call or choice to use those vehicles for funding irrigation efficiency improvements.

Senator RUSTON: I understand that, but we still have not seen any money for that, although I do understand that it is imminent. The question is: at any time has the federal department sought that the South Australian government go to the next stage and have a round 3? I am really quite confused. I understand what you have just said but, notwithstanding that, there is a whole heap of money that was available to South Australian irrigators. I am sure that, if I walked out on the street right now around Loxton, Renmark, Murray Bridge or wherever it happened to be and said, 'Look, I've got a pot of \$90 million here and this is what you have to do to be able to access this money,' there would not be too many of them that would not have a try. Why hasn't this been out there? Where has the blockage been in stopping it getting out into the irrigation communities?

Ms Harwood: In the history of the program, there was some concern on the part of the South Australian government about the relatively low level of demand and interest in the program. South Australia has sought or is seeking to use those particular funds for alternative state priority projects and is working on a parcel of proposals that it plans to submit to us for the use of that money. So there has not been an interest from the South Australian government in having a third round run under PIPP(SA); that would be how I would summarise it.

Senator RUSTON: So they have decline to pursue—

Senator Birmingham: Ms Harwood may correct me if I am wrong or may have the specifics, but I seem to recall in answer to one of your questions on notice, or possibly Senator Xenophon's, some information was provided that did indicate that the department some years ago, I think, had offered the South Australian government the chance for a third round. I think no response was forthcoming—if my recollection of that is correct—and, equally, invitations then of coming up with alternatives for this funding, which was guaranteed for South Australia as priority funding under the intergovernmental agreement struck some years back. Obviously, from what Ms Harwood is saying, the department is still awaiting suggestions from South Australia in that regard. But I will let Ms Harwood correct—

Ms Harwood: Thank you. Yes, just some level of concern—

Senator Birmingham: Whilst alternative funding streams may have been pursued over that time, it does surprise me that, essentially, a lapse occurred in that period where this \$89 million has largely gone untapped. It still sits there as funding available to South Australia under the intergovernmental agreement. You would have thought they would be eager to take advantage of it.

Senator RUSTON: I know that the irrigators in my area would be very eager to take advantage of it, if it were made available to them. Can I move on to the sustainability program which you referred to—where are we at with that? I suppose the big question is: when are the people going to be advised of the money actually hitting the ground? It is imminent, is it not?

Ms Harwood: The first call for applications has been held. The program is run by the South Australian government. It did a call for applications, which closed mid-January. I understand they are assessing those applications and will be announcing soon—I do not know when—which proposals go through to the next stage of preparing a full application or submission to the funding process. It is an expression of interest phase and then it goes through to the funding phase.

Senator RUSTON: When is the funding phase likely to start? Is it in this year's budget or next year's?

Ms Harwood: The aim is to get the program this year. I am not sure when they will be announcing who the successful applicants for the first round are.

Senator RUSTON: One last question—returning to the broader picture of the Murray-Darling Basin Plan, how are we measuring outcomes in terms of what we are achieving from the water that we have already secured, or is that something best to ask Mr Papps?

Ms Harwood: It is probably for the two witnesses who are in the next slot.

Senator Birmingham: Primarily Mr Papps, unless Dr Dickson has anything he would like to add from an authority perspective.

Senator RUSTON: Can I put it into context? For instance, in the region I live in, if I went out into the river community in my area—we have the Chowilla Wetlands and a few others—how would I know that what we are doing has achieved the outcomes that were sought? What are the measurements and how are we measuring?

Dr Dickson: There are probably two different levels at which measurements are being made for the environmental water holders—the Commonwealth environmental water holders and the state water holders—and also for the Living Murray water, which we coordinate the use of. Every year there are reports on what has been

achieved with those individual watering actions for a year. Mr Papps can talk further about that when he comes on.

As well as that, under the Basin Plan there is a very comprehensive monitoring and evaluation program. We have to report every five years in a substantial way and every year on the effectiveness of the Basin Plan, covering all the environmental, economic and social outcomes that are expected from the Basin Plan. So this is a very broad-based monitoring and evaluation framework that looks at the plan as a whole. That program is under way now. It has been a bit early to be able to report on anything in particular yet, but the year after next we should be in a position to at least talk in the broad about the improvements through the Basin Plan.

Senator RUSTON: Thank you.

CHAIR: Thank you, Senator Ruston.

Senator RHIANNON: Thank you, Chair. Dr Dickson, I would like to move on to some of the international work of the authority. I understand there are memorandums of understanding with Mekong River Commission and the Yellow River Conservancy Commission in China. When do those MOUs expire? What is the annual budget allocated to them?

Dr Dickson: I will have to get back to you on when they expire. We do not have any budget allocated to them in the annual budget. The work we do with the Yellow River Conservancy Commission is where we have been involved in either a conference there or a meeting over here, but I cannot remember the last occasion we might have done that. I can certainly provide you with the latest advice on that. On the Mekong River, we did host a delegation about this time last year that came to Australia to explore a lot of the way that we undertake water planning, particularly in an integrated basin. The budget for that was supplied by AusAID, so they were supported by the aid budget. We supplied our staff and organised the program for them. This is part of our general communications and engagement budget. We do not have an allocation on the activities. Beyond this couple of events, there is not any particular work program at the moment that has a budget tied to it.

Senator RHIANNON: So there is no exchange of personnel with the MRC anymore?

Dr Dickson: I think you are going back a fair way beyond my time, on the background to this. But no, we do not have an exchange program with them.

Senator RHIANNON: Thank you. The website says: 'The Murray-Darling Basin Authority is an integral element of the federal government program Water for the Future which has four priorities.' The first one of these listed is 'tackling climate change'. Could you outline what activities are undertaken to tackle climate change both in terms of a policy approach as well as practical measures?

Dr Dickson: The basis for the Basin Plan, which was to improve the resilience of the environment of the Basin, is effectively one of the strongest capabilities in responding to climate change. That statement goes back some time to what the overall rationale and conception of the Basin Plan was.

Senator RHIANNON: As it is listed as the first of the priorities, does that mean it is a top priority? Is that what you take from it when you read it on the website?

Dr Dickson: That is right. Those priorities were priorities of the government that introduced the program—the former government. That is a quote from their priorities, so it is not the basis on which we sit. That website explains the context in which the authority was established over that time and the broad program, which the department might want to talk about more broadly, and where we sit within that program.

Senator RHIANNON: That is on the authority's website under 'About MDBA'. That is where I picked that up from.

Dr Dickson: That is right. It is explaining the context in which we work.

Senator RHIANNON: I got the impression from what you were saying that it was the previous government. Are you saying that this is—my website has just died—more historical; it is not how it is now?

Dr Dickson: I am not saying anything about historical. All I am saying is that the creation of the authority and the context were within that overall program. It is not for me to say beyond that.

Senator RHIANNON: Did you want to comment, minister?

Senator Birmingham: I do not have in front of me the exact words that you used, Senator, but it struck me that you were reading from a part of the authority's website which did indeed say in a contextual way that the authority has a role as part of the Water for the Future plan. The Water for the Future plan has several priorities to it, or is aligned with several government priorities, one of which is addressing climate change—which remains a priority of this government.

Senator RHIANNON: But it was listed as the first priority on the key part of the website that you come to about the MDBA.

Senator Birmingham: From the way you read it, Senator, it did not sound as though it was listed as the first priority of the Murray-Darling Basin Authority. I am quite confident that the first priority of the Murray-Darling Basin Authority is not addressing climate change. It is an important contribution the authority makes through the implementation of and work on the Basin Plan.

Senator RHIANNON: I did clarify that. So you are saying it has not changed?

Senator Birmingham: Addressing climate change is absolutely a priority of this government.

Senator RHIANNON: Thank you. Chair, I have finished my questions for this section.

CHAIR: Thank you, Senator Rhiannon. Any further questions? Senator Ruston, you have something very important to say, do you not?

Senator RUSTON: Ms Harwood, I believe your retirement is imminent—estimates in this portfolio will never be the same again!

CHAIR: Is that for the better, or for the worse?

Senator RUSTON: We wish you all the best in your retirement.

CHAIR: Good luck, Ms Harwood, and thank you.

Senator Birmingham: Indeed. Senator Ruston has stolen my thunder there. Ms Harwood has worked in the Public Service for many years. She would probably prefer me not to say how many—

CHAIR: She must have started very young!

Senator Birmingham: Indeed. That is right, Chair. We thank her for her work, especially in the water space, over a good many years' and through some challenging times in that space. We wish her well in what lies ahead, which I am sure will include many travels.

CHAIR: Well done!

[11:31]

CHAIR: We now turn to outcome 6. I call officers from the department in relation to program 6.1, Commonwealth and Environmental Water, together with officers from the Commonwealth Environmental Water Office. Welcome folks. Mr Papps, would you like to make an opening statement?

Mr Papps: No.

CHAIR: Questions?

Senator URQUHART: Mr Papps, I want to take you back to the last estimates hearings, where you stated that the total environmental water holdings were 1,687 gigalitres. What are the current holdings?

Mr Papps: Yes. As at 31 January, 2014 the holdings are at 1,706 gigalitres.

Senator URQUHART: Thank you. How much of that water will be sold?

Mr Papps: There is no figure on the amount to be sold. Sale of Commonwealth environmental water is governed under the Water Act, sections 106.1 and 106.2. They set out the circumstances under which I can trade in environmental water. There are no fixed plans the year ahead. It depends on the circumstances that emerge.

Senator URQUHART: Can you let me know the issue about the 10 gigalitres that were sold in the Gwydir? How does that compare in terms of value for money to value for money for water purchased for the environment?

Mr Papps: It is the Gwydir, and the sale of the 10 gigalitres returned over \$3.2 million to the Water for the Environment Special Account. Based on the market at the time in the Gwydir, that was a very good return. That is at or above market prices at the time. So in terms of value for money for a sale of a Commonwealth asset, that is very good value for money.

Senator URQUHART: Thank you. Has any more of the 1,338 gigalitres earmarked for environmental flows been approved by you since the last estimates?

Mr Papps: Yes. There is an annual program of Commonwealth environmental watering activities which starts off with a series of options at the beginning of the water year. Throughout the water year, as circumstances change, I make a series of decisions about those watering activities. So, yes, there have been a number of decisions about environmental watering in that period.

Senator URQUHART: How much does that equate to out of that 1,338?

Mr Papps: For this year—so that is the water year of 2013-14—I have approved up to 1,204 gigalitres for use.

Senator URQUHART: Thank you. There has been some criticism of the environmental flows that were released this financial year. You have previously explained your assessment processes for bridges, causeways, et cetera, but what about the river banks themselves?

Mr Papps: Yes, they are part of our risk assessment process. We go through a very, very thorough risk assessment for every Commonwealth environmental watering activity. I have said it before, but it bears repeating that that risk assessment is undertaken in collaboration with our delivery partners. As you would be aware, while the Commonwealth Environmental Water Holder has a Commonwealth environmental water holding, the delivery of the water is nearly always in cooperation or collaboration with a delivery partner. In New South Wales, for example, that might be the Office of Environment and Heritage. In Victoria, for example, it might be the Victorian Environmental Water Holder. We do that risk assessment jointly. We take into account all those factors where we have information. That would include bank notching, damaged bank. I am aware of that criticism. I have been exposed to that criticism in a number of places, including recently in the Goulburn River. We are, with our partners, responsive to that. The principal responsibility for those sorts of actions and the impact is with the delivery partner because they are the ones who manage the delivery of the water—they set the rules, they set the operational procedures. We work within them.

Having said that, we accept some responsibility. It is our water. So we work with our partners. Where we are made aware of those concerns, we undertake an investigation or exploration of it with the stakeholders and work again with our partners to see if there are mechanisms that we can implement. So in the Goulburn, for example, I have spent some time talking to some of those stakeholders who are concerned about the impacts of flows on river banks. In cooperation with our partners in Goulburn-Murray Water and the Goulburn Broken Catchment Management Authority there have been some modifications made. So, for example, flows have been adjusted so that they are less constant. There is more variability in flows. It is a complicated matter. I am happy to explore it in as much detail as you want. The simple answer to your question is that we are aware of those concerns. We assess them and we manage them in collaboration with our partners.

Senator URQUHART: And you feed back to the people who raise the concerns?

Mr Papps: We do.

Senator URQUHART: Does that satisfy their criticisms?

Mr Papps: Not always. Many of these processes are continuing. For example, let me give you a very real world example. In the Goulburn River one of the things we are trying to do with our partners is to restore the original riverine vegetation, which has been badly damaged by regulation and long-term droughts. Until such time as that original riverine vegetation is restored there is more damage to the banks from flows than there would otherwise be. So there is certainly a tie factor where we need to persist to ensure that we are building a natural resilience back into the system and there are less impacts. There will always be impacts, of course, in natural flows, unregulated flows, floods; these things do happen. Our ambition is to make sure that they do not happen to the extent where they are causing significant long-term impact on the environment.

Senator URQUHART: Thanks. Has the Environmental Watering Plan changed for the next three to four years, given the rephrasing of funding for water purchase?

Mr Papps: The rephrasing of funding has had no impact. We are governed in our planning essentially by the Environmental Watering Plan, which is chapter 8 of the Basin Plan. That document sets out the objectives against which my performance is judged; against which I make the decisions on how to allocate water to the environment. That document has not changed.

The changes that do occur over time are usually in response to circumstances. This is self-evident. In a natural system which is ephemeral, wetlands and other associated water dependent ecosystems go through drying and wetting cycles; you need to know where you are in those cycles. There are dependencies of particular species of fauna and flora that you take into account. Of course, it rains or it does not. So you have to adjust your watering program throughout the year according to all of that.

Senator URQUHART: Will the implementation of the Constraints Management Strategy, including the investment of \$200 million, make your job easier? How will it change that?

Mr Papps: I do not know that I would use the words 'make my job easier'. I am confident that we can deliver 2,750 gigalitres of Commonwealth environmental water under the current arrangements to achieve good ecological outcomes that meet the obligations on me. With some amelioration of those constraints identified in the strategy, it would be more efficient and sometimes more effective.

Senator URQUHART: Have any of the six local engagement officers been hired yet?

Mr Papps: No.

Senator URQUHART: When do you expect that to occur?

Mr Papps: We are currently awaiting approval from the Australian Public Service Commission to advertise externally but I am hopeful that we will get that approval in the next month or so and then we will advertise and recruit as quickly as we can.

Senator URQUHART: Thank you.

CHAIR: Senator Ruston.

Senator RUSTON: Mr Papps, I go back to the Gwydir farm. In South Australia the South Australian Premier threw himself manfully in front of the camera immediately when he found out that there was some suggested temporary trade in the Gwydir. I am at a loss to actually try to connect a sale in the Gwydir to any implication for South Australia.

CHAIR: So am I. I live near the Gwydir.

Senator RUSTON: If you could perhaps paint me a picture as to—I am sure you saw what the Premier of South Australia said—what you actually did was complete within your Act's ability. I just cannot mesh the two together.

Mr Papps: The decision that I made to trade temporary allocations of water in the Gwydir has no practical impact on South Australia in terms of Commonwealth environmental water. As you are probably aware, there is no meaningful physical connection between the Gwydir and the southern connected basin in terms of actually getting water to South Australia. We do not use that as a route. The water that has been allocated to South Australia from within the Commonwealth comes via other mechanisms, either directly down the system or through indirect means, mostly through the northern Victorian rivers.

The decision to trade in the Gwydir has no practical impact on the amount or the timing or the effect of Commonwealth environmental water in South Australia. I understood the Premier's concern to be about his desire for that state to be more actively involved in my decision making. In that regard my decision making is independent.

Senator RUSTON: Indeed. There was no time before the Premier went before the camera for him to pick up the phone and say, 'Could you give me a bit of an outline of what you are up to here?'

Mr Papps: I have not had any phone calls from any premier.

Senator RUSTON: Just overall, there was obviously, on the back of the Premier's hysteria and the information that he put out into the marketplace that was confusing, at best, a level of concern that was raised by irrigators as to, I suppose, two issues. One was about the transparency of the trading of your organisation and the implications that that could or may or may not have in relation to implications on the water market itself in the broader sense and your capacity, obviously as a very large water holder, or your potential to influence the water market. I am just wondering if there is anything that you would like to add. How do we allay the fears, if we can, of those irrigators to suggest that your actions are on both accounts not going to have a negative impact on them?

Mr Papps: There are two broad responses to that. The first is that we are acutely aware of that, both through the process over time of discussing trading more generally and through a discussion paper in 2011 to which we got responses. We are very aware of the anxiety about the potential for the Commonwealth Environmental Water Holder to affect markets by both timing and volume.

The first response to that has been to develop public documents outlining a trading framework, which set out a series of operating rules and procedures and protocols that go to the heart of that question. For example, they deal with transparency of decision making. They deal with issues of making sure the market is well informed so that the market is not surprised by any of my decisions. Then they go to reporting. So there is a follow-up process. That is the first response.

The second response is what we actually do. In the Gwydir, for example, we chose to run an open tender process because we thought that was the most transparent way of selling that water and it gave everyone an equal opportunity to bid for it. The feedback that we got, certainly from the Gwydir Valley, from the irrigators themselves, is that they appreciated that process. They thought it worked well. They would have liked more water but, in terms of the process, they thought it worked very well and they have encouraged me to use that again. I think that process will reinforce the transparency.

We also get, during that process, independent expert advice about the market. So it is not just our judgment. That independent advice goes to the question, for example: what volume of water could you put on this market without disturbing it? We are very mindful of that advice.

Senator RUSTON: Because of the constraints that the Act puts on you, you would probably be, to a large extent, constrained by the amount of water you can put back on the market anyway because you can only do it under two specific conditions, can you not?

Mr Papps: That is correct, sections 106.1 and 106.2. The Gwydir is 106.2. We made a very conscious decision about the volume we put on the Gwydir, partly in response to the environmental issues. The reason we are selling the water is that we are confident that in the foreseeable future we have got enough water to meet the demands within the Gwydir so that we can afford to sell some temporary water. But again, as I keep saying, there is that sensitivity around the market and ensuring that we do not have a negative impact on markets.

Senator RUSTON: Just in your summation I notice you made the comment to Senator Urquhart that you would have considered the processes and the outcomes and what you achieved by the Gwydir sale. You had a positive outcome for what you were attempting to do?

Mr Papps: That is certainly my assessment. It will be subject to more scrutiny from others over time, including the Murray-Darling Basin Authority and others. We are very confident.

Senator RUSTON: Can I get clarification on the 1,706 gigalitres. Is that entitlement or long-term—

Mr Papps: That is entitlement, yes.

Senator RUSTON: Just finally, at the last hearings I asked how you were going with your local engagement officers. I just wondered where we were at with that.

Mr Papps: As I have said before, we have either negotiated or we are very close to negotiating the final hosting arrangements with the organisations, the community-based organisations, within which they will sit. We have sought authority from the Australian Public Service Commission, under the current arrangements, to advertise externally. We have done that, because we think that the nature of these jobs, being local engagement officers, means that it would best serve our purposes if we were able to draw on the talent existing in the regions.

Senator RUSTON: Thank you, Mr Papps.

CHAIR: Senator Rhiannon.

Senator RHIANNON: Also with respect to the sale of the environmental water in the Gwydir Valley, did you identify additional environmental benefits that could have been gained by using the water in the area?

Mr Papps: That was the basis of the decision under section 106.2. We made that decision on environmental grounds. In other words, we were confident that we had met our environmental outcomes within the Gwydir Valley, both in the current year and in the short-term, foreseeable future, and that we had more than enough water available to us to meet those requirements. Therefore, we had temporarily surplus water in the Gwydir.

Senator RHIANNON: You decided not to pursue them because you judged you had surplus water? That was the basis of the decision?

Mr Papps: Decided not to pursue what, I am sorry?

Senator RHIANNON: If there were any additional environmental benefits by using the water within that area?

Mr Papps: We had already met those or were in the process of meeting those outcomes in the Gwydir. I made decisions that involved, in this year alone, what is a record allocation of nearly 30 gigalitres to the environment within the Gwydir, including the Mallowa Wetlands, Carole Creek, Mehi River. We were easily achieving those targets. We have got still in the account, in the Commonwealth environmental water holding, considerable amount of environmental water, as does New South Wales.

It is always wise to think, in terms of these, it is rarely ever that the Commonwealth's water is the only water that is contributing to environmental outcomes. In the Gwydir there is an environmental contingency allowance managed by the state. That has roughly 90 gigalitres in that account.

Senator RHIANNON: Thank you for that detail. Again, just going back to your decision, was it based on your judgment around Commonwealth water or was it based on the judgment also of considering what New South Wales had?

Mr Papps: My judgment under 106.2 is around Commonwealth water. But clearly I take into account the context across all the water availability.

Senator Birmingham: It is important to appreciate the sequence of decision making that Mr Papps, under the Act, is required to make here. Firstly, he assesses whether the environmental needs have been met and can be met in the foreseeable future. Then if the answer to that is yes, he can see whether or not there is a surplus of available water at a given point in time. It is not that he decides there is surplus water before considering the environmental needs. Under the Act the environmental needs come first.

Senator RHIANNON: Mr Papps, if we could move on to the issue of constraints and explore that. What constraints to environmental water use and delivery prevented use of the additional water for environmental purposes?

Mr Papps: I think there are two elements to that answer because environmental watering is not solely about a matter of physical constraints, although there are some in the Gwydir. For example, in the Gwydir there are constraints around private property. So achieving environmental outcomes by inundating natural wetlands but at the same time not inundating private property is a physical constraint.

The other constraint or the other factor that you have to take into account every single year in environmental watering, including in the Gwydir, is where those wetlands are in the cycle of wetting and drying. In the Gwydir in particular we have had two previous years of high, unregulated flows. Some people might call those floods. Then we have had one or two years of high-volume Commonwealth environmental watering. We are in a position that in most of those wetlands, where they have had enough water, they are entering a drying phase. In those circumstances, based as Senator Birmingham has said on environmental grounds, and solely on environmental grounds, I have a temporary surplus of water.

Senator RHIANNON: There is often another constraint in areas, and that is the local culture. Are the constraints to environmental water use or delivery in the Gwydir Valley mostly of a physical nature—and you have mentioned some of those—or are they rules based on or related to the culture of water use in the area?

Mr Papps: I am not quite sure what you mean by 'culture of water use'?

Senator RHIANNON: Just the culture of an organisation or the culture of an area. How are people responding to you still managing water?

Mr Papps: It is true in the Gwydir, as in so many other parts of the basin, there are adjustments being made by all sorts of stakeholder groups, including irrigation communities, to the fact that there is now Commonwealth environmental water, held Commonwealth environmental water, which is deployed each year. Having said that, there is also state-held water that has been there for some time longer. There are changes to water use patterns and there are adjustments that everyone has to make. I do not see that as a binding constraint.

The constraints that we deal with, in a practical way, in all of these places are the rules and operational procedures that apply to the deployment of my water, as they would apply to the deployment of other irrigators, and the physical constraints, either the potential inundation of infrastructure or private property.

Senator RHIANNON: Is what you are saying there that these constraints are well recognised and well understood in the region?

Mr Papps: That is certainly my understanding from talking to the irrigation community. They would understand—and they do understand—some of the very real-world impacts, particularly around private property inundation. That is something that is very well understood throughout those communities.

Senator RHIANNON: Would you say the same thing about the Authority, that the constraints are well recognised and understood by the Authority who are engaged in developing a constraints management strategy?

Mr Papps: Yes, I believe so. The Authority has demonstrated a very high degree of professionalism in its approach to the constraints management strategy. I know it has invested a great deal of time and effort into understanding those constraints across the valley.

CHAIR: Last question, Senator Rhiannon.

Senator RHIANNON: You mentioned a professional approach as well as an approach. When you use that term, are you including in that that these constraints have been actively considered by the Authority as part of the constraints management strategy?

Mr Papps: It is difficult for me to answer on behalf of the Authority. Certainly the constraints are a very real part of our planning each year and we would be constantly seeking to minimise the effect of them.

Senator Birmingham: I would only add on that—and obviously you can put questions on notice to the Authority, if you like, in that regard—the constraints management strategy is a very thorough piece of work. Equally it will require, ultimately, prioritisation. We will be looking to get where we invest funds to remove constraints, obviously the best bang for not just our buck but the best bang for every drop of water that can be

committed to environmental purposes where constraints are to be removed. But they are expert and independent assessments that the Authority will make and then provide advice to not just the Federal Government but all of the state jurisdictions as well.

Senator RHIANNON: Thank you.

CHAIR: Any further questions you will have to put on notice, I am sorry. The time being 11.55, I now call officers from the National Water Commission.

National Water Commission

[11:55]

CHAIR: Welcome, Ms Olsson. Would you like to make an opening statement?

Ms Olsson: No, thank you.

CHAIR: Senator Urquhart.

Senator URQUHART: I have not got any questions.

CHAIR: You have not got any?

Senator URQUHART: No.

CHAIR: Senator Rhiannon, do you have any questions?

Senator RHIANNON: No, not for this section.

Senator RUSTON: It looks like it is me.

CHAIR: Senator Ruston, the floor is yours.

Senator RUSTON: I am really interested in the triennial assessment that you need to do over the river. I am just wondering where we are at with that. Are there any issues that are coming up? Could you give a bit of an outline of what you are trying to achieve by that triennial assessment and anything that has so far become evident?

Ms Olsson: Sure. The triennial assessment will have three major components. One will be an update on progress in implementing the national water initiative and subsequent reforms, a factual assessment of what has been undertaken. We will be looking at the impact of those reforms on communities, on the environment and on economic outcomes. We will be taking a look at the way forward, what is the current situation, what might be the burning issues going forward or where the state of reform is.

It is a little premature for me to come up with conclusions now, because we are still in the working phase. We have had a public submission process which had 54 submissions received. We have had three roundtables with stakeholders around the country. We are undertaking our own research. We are pooling all that evidence together for a report which will be provided to COAG in the latter part of the year.

Senator RUSTON: When is the actual review due to be completed?

Ms Olsson: We are expecting to release it in September of this year.

Senator RUSTON: It is not too far away. In the consultation phase, who have been the people that you have been seeking to consult, particularly in relation to comments that were made when the plan was changed from being entirely driven by environmental considerations to then take into account the social and the economic implications on river communities? I am wondering, in your consultation, whether those issues have been fleshed out at all.

Ms Olsson: There are actually two processes. The one that is the training and assessment is a national process around the whole reform agenda. We have been speaking with not just basin groups but across the country, in northern Australia, Western Australia as well as people in the basin, urban communities and peak groups as well as irrigation groups, environmental groups, consumer representatives, Minerals Council and others. Although we will comment, of course, on the basin reforms as part of that process, we are also actually doing an audit of implementation of the plan in the first part of next year.

Across the nation we are getting a whole lot of issues that are obviously not confined simply to the operation of the basin plan. In terms of the basin plan, the major sentiment that people have at the moment is that they are looking forward to the implementation.

Senator RUSTON: In terms of the implementation of the plan, I am sure there would not be anybody that would disagree that it was a very bold and big initiative for the government to undertake. There are the time frames in which many of the key components and delivery points of that plan are due to take place. Are you seeing any concern in your consultation process that any of these targets are likely to be difficult to meet?

Ms Olsson: That has not been a general sentiment that has come forward, no.

Senator RUSTON: The obvious question is: the general sentiment out there in the community in your consultative process—how are people feeling about the implementation of the plan and all the initiatives that go around it? Is it generally positive?

Ms Olsson: The major consultation where those issues came out would have been our roundtable in Albury last year. It was generally a positive sentiment, a desire, I think, to get on with the business of the plan.

Senator RUSTON: In terms of irrigators?

Ms Olsson: Certainly, that included irrigator groups.

Senator RUSTON: That is probably it.

CHAIR: Thank you, Ms Olsson. I am sorry for the brief fronting.

Ms Olsson: It is always a pleasure.

CHAIR: We will now turn to outcome 7. I call on officers from the department in relation to program 7.1, reducing Australia's greenhouse gas emissions. Welcome, ladies and gentlemen. I invite questions.

Senator URQUHART: Thank you, Chair. The submissions for the ERF green paper closed last week. When do you expect to have a white paper finalised?

Dr Kennedy: It is a matter for government, the precise timing around the publication of a white paper. The government has been clear that it expects the Emissions Reduction Fund to commence on 1 July. In keeping with that timing, one would expect draft legislation to support the establishment of the Emissions Reduction Fund and the white paper to be published in the coming months. The precise timing would be a matter for government.

Senator Birmingham: We are happy with the time line that we are running to at present, Senator. Obviously we want to make sure that the consultations are thorough and the processes are thorough. The department is obviously, with the government, working through the submissions from the green paper. That will proceed in a timely manner, within the next couple of months, to the white paper.

Senator URQUHART: That should be finalised sometime in April. Would that be reasonable?

Senator Birmingham: Obviously it is a decision for the minister and cabinet as to exact time lines. Dr Kennedy is correct that it remains our commitment to have the Emissions Reduction Fund up and running in the next financial year.

Senator URQUHART: Is the benchmark price set according to the speed with which you would like to meet emissions reduction targets or is it focused on keeping costs low?

Dr Kennedy: The benchmark price?

Senator URQUHART: Is the benchmark price set according to the speed with which you would like to meet emissions reduction targets or is it focused on keeping costs low?

Dr Kennedy: I am just unclear which benchmark price.

Senator URQUHART: The benchmark price for the reverse auction; sorry.

Dr Kennedy: I will just ask Mr Power to comment. Just in general terms, the way a reverse auction is intended to work is that it would be what is called a 'pay-as-you-bid' model. In other words, people who bid into the auction who are successful would receive the price that they bid in at. It is not one single clearing price in these auction arrangements. There would be, depending on the number of successful bids, a number of prices. I will just ask Mr Power if he has any comments to make further to that.

Mr Power: We are consulting, of course, on all elements through the green paper where the government is consulting. The benchmark price could be used in a number of ways. That has partly been covered in the consultation. One of the things it could be used for, for example, is when a number of auctions are held over a long period of time. Of course, the government would want to make sure it does things efficiently, and if there were temporary spikes in the availability or supply of projects a benchmark price meant there were not times in which a price from an auction could climb because of a temporary shortage of a particular project or those sorts of elements—the benchmark price can help smooth out some of those things.

Senator URQUHART: Is there a correlation between what the benchmark price for the reverse auction will be and the setting of business baselines?

Dr Kennedy: I might take a step back. The setting of business baselines around crediting, baselines in that dimension—what the government is trying to establish is to credit genuine emissions. Sometimes one of the ways of establishing whether emissions would have occurred without these funds in place is to set a baseline around

what would have occurred, if you like, and then anything additional to that baseline is credited. That is available to be bid into these auction arrangements.

The government has been clear in its intent that it wants the scheme design to purchase genuine abatement, abatement that would not have occurred otherwise. However, it has also been clear that it does not want the scheme to be overly complex, which would lean against participation, obviously, and impose significant transaction costs on business. So balancing those requirements, that is how baselines would be established. Does that help, Senator?

Senator URQUHART: Yes, it does. In relation to the baselines, can you describe what sorts of challenges are associated with setting those baselines for each business? You just said you want to keep them streamlined, but what are the challenges?

Dr Kennedy: These are matters that we are consulting on, the matters that Mr Power was referring to earlier. One of the things the government will be mindful of, through here, is avoiding any complexity in setting those baselines. In one way it is consulting on doing that. The baselines get set in a relatively generic way across a practice rather than for every single specific project that might present itself to the government to be credited.

Some baselines are actually relatively straightforward to set where it is very clear that an activity would not take place unless there was an incentive in place to reduce emissions. These could be baselines, for example, around flaring methane from coal mines. In some cases, if there is no economic incentive in place for people to do that and there is no regulation to require people to do that, then the baseline is relatively straightforward. It is whether you do the activity or not. The Carbon Farming Initiative has a couple of similar examples.

In other cases, for example, in energy efficiency activity, there is a financial benefit to the firm beyond reducing emissions for crediting that activity. In that case, one would want to set a straightforward baseline that shows how much emissions are likely to reduce on their own accord, if you like, and then over and above that baseline we credit.

It is a little difficult to generalise. As I said, in some places baselines are relatively straightforward. In other places it can be more complex. But the government has been very clear in its intent that it will set those baselines in a way that is straightforward and the balance is appropriate and business can engage.

Senator URQUHART: Is there any feasibility that you are leaning to at this stage for the setting up of this?

Dr Kennedy: For?

Senator URQUHART: Is there any methodology that you are leaning towards in setting up the baselines?

Dr Kennedy: Perhaps if I talk about crediting for a moment. In the green paper the government outlined two potential types of approaches. Many of the submissions have gone to this issue around how one might credit. One was what is called facility level crediting. There a facility may have a history, for example, of its emissions intensity and that would establish a baseline. That might be mildly declining over time or relatively fixed. That business may come forward and bid in a number of activities to reduce its emissions intensity significantly. That allows the business to innovate in how it might reduce. That would be one type of sets of methods that one could credit around.

The other types of methods that the green paper outlined were more activity based, perhaps more the installation of particular equipment that would not otherwise take place. That is probably more consistent with the example I gave you earlier about flaring from coal mines. I will just ask Mr Power if he wants to say anything further.

Mr Power: No, not at this stage, unless you have any other questions on that.

Senator URQUHART: Are you actually leaning towards implementing any of those methodologies?

Dr Kennedy: As I said, these are all decisions for the government to take. It foreshadowed in the green paper that it would be considering a broad range of methods. They are, if you like, the two ways of classifying them. They are quite similar to some of the methods that are already established, as I said, under the previous government's program in the Carbon Farming Initiative.

Senator URQUHART: How often will a business be able to review their baseline?

Dr Kennedy: Once again, these are things under consultation. For the purposes of crediting emissions reductions that can be bid and purchased, the government will in the white paper outline the approach it intends to take on how long it would expect to credit under different methods and the process by which those methods might change over time. All of that detail is to be finalised and government needs to make decisions about those issues to be put forward in the white paper.

At this stage, as Senator Birmingham said, the government is consulting with business on how it can best engage on those processes.

Senator URQUHART: If that happens to shift with business-as-usual activities, how would you then determine excess pollution? If a business--

Dr Kennedy: You mean if the abatement is genuine, if you like?

Senator URQUHART: Yes. How would you actually assess the level of excess pollution?

Dr Kennedy: One of the ways that you manage the risk of that arising could be by crediting for fixed periods. In other words, one does not credit forever and a day. One sees the credit stop.

Other mechanisms involve sunseting the crediting methodology - these are actually also in the CFI at the moment—so, for example, an automatic review of the method after a number of years. There are review methods to watch the method unfold over time. If you were concerned that a method might change quickly you could establish a shorter crediting period, for example, or you could establish a faster DK rate in the baseline. You would adjust the baseline to take account of that risk.

All of those are options, as I said earlier, in line with the streamlined approach to administration the government is taking. It is engaging with business on how it would work with those options and how it might manage that risk.

Senator URQUHART: When do you expect the benchmark price for the first option will be known?

Dr Kennedy: I cannot speculate on that, because the government has a set of decisions in front of it to establish the scheme and commence the scheme. Also, the manner in which the scheme commences through the next financial year it is engaging on with business as well. It is foreshadowed how the Clean Energy Regulator would establish the auctions and when they would start. I am not in a position to give you that timing yet. They are matters still in front of the government.

Senator URQUHART: Will that price be made public once it is determined?

Dr Kennedy: The benchmark price?

Senator URQUHART: Yes.

Dr Kennedy: As to the information that the government makes public around auctions and the timing and frequency of auctions and all of those issues, they are all, frankly, decisions in front of the government as it considers finalising its white paper. To say why they are matters that require careful government consideration—as I noted earlier, the government is wanting to establish a pay-as-you-bid market. In other words, it wants to be able to establish all different prices effectively to purchase up the supply curve.

To deliver on that requirement, it needs to establish auction arrangements and the publication of information and benchmark prices that do not simply see the market quickly converge to a single price. Otherwise, it has defeated its aim of paying just enough to get each project up to maximise the amount of abatement that could be purchased from the Emissions Reduction Fund. As I said, they are issues we are currently advising the government on and its final decisions will come in the form of the white paper later in the year.

Senator URQUHART: In terms of that, depending on when the price is made public, could you expect that a business would confidently be involved in a market when they do not know all the conditions of the investment?

Dr Kennedy: Do you mean the nature of the contracts they sign and those sorts of things?

Senator URQUHART: Well, in terms of the market, the price public and the benchmark price. If a business is not involved in that market then how would they be confident?

Dr Kennedy: What the government has foreshadowed it would do in the green paper is to purchase these emissions. In the green paper it has laid down an indication for five-year contracts for price and volume bids. What business would have is the certainty of the price and volume of abatement that they have bid in. They will know the price they will receive, assuming they deliver the abatement, as a result of that contract.

The government has also indicated that CFI projects, for example, can transition into the ERF arrangement. There will be immediately, if you like, upon the commencement of the scheme, perhaps not only some projects starting up but units that can be bid in from the CFI. I would envisage that the combination of units coming in from the CFI and early projects coming forward will begin to deliver that sort of information to the market.

I suppose the novel feature about the scheme is the certainty over which business has over the life of a contract. It is a commercial contract with the Commonwealth that establishes price and volume, so the risk around whether you will get \$10, or whatever the price might be—I am not speculating on a price today—or in the future—is established in the contract.

Senator PRATT: Unless you breach your baseline. We do not know what the penalties are?

Senator Birmingham: Senator, obviously all of those factors will be worked through in the process we were talking about before. As to Senator Urquhart's question of why would businesses participate, there will be a level of certainty there for businesses to ensure they have the right incentives, if they have abatement they can offer at a competitive price that will be additional and verifiable, to participate in the program.

Senator URQUHART: Just in terms of that, would you be considering a mix of projects for smaller emitters and big emitters? Would you mix up a program for that mix of projects?

Dr Kennedy: The government indicated in the green paper that it is particularly interested in bringing forward quickly large abatement opportunities which would tend to involve larger businesses. It has also indicated two other things. One is that it is interested in permitting aggregation. The idea there is that someone could bid in aggregating across emissions reductions across a number of businesses, for example, or households. So rather than having each household or each business, a proponent could come forward with a set of emissions reduction activities that it has aggregated, or a local council, for example.

The third dimension is that the government has indicated an interest in also developing straightforward, simplified activity methods that might, for example, have calculators associated with them. This lowers the transaction cost, particularly for a small business to get involved—a straightforward activity or straightforward way of engaging in these baselines with a calculator that shows the abatement that would be associated with such an activity where that can be done. They are probably the three ways.

Senator URQUHART: Would there be any consideration of supporting one industry over another, or would there be a broad spectrum of industries involved in the ERF?

Dr Kennedy: Another of the planks of the government's policy is that it seeks to source the lowest cost of abatement regardless of where it comes from, so really the only sense in which there might be a stronger focus on one industry or the other is related to the abatement opportunities that might flow from that, not associated with the characteristics of the industry. So, wherever the lowest cost abatement is available, the government has been clear that the overriding objective of the Emissions Reduction Fund is to source the maximum amount of abatement at least cost.

Senator URQUHART: Would non-financial benefits of a project, such as employment opportunities or co-investment opportunities, be taken into consideration?

Dr Kennedy: At this stage, the government has indicated in the green paper—I am going to repeat what I said before—that the principle of funding is lowest cost abatement to maximise the value. Those are issues that get raised in submissions: for example, how would one take into account co-benefits that might arise? It will be a matter for the government to consider the value or otherwise of those submissions, but its indication in laying down the principles around the design of the ERF was the abatement focus.

Senator URQUHART: What about emerging industries? Would there be consideration of supporting emerging industries in the program, even if they do not meet the strict low-cost abatement conditions?

Senator Birmingham: Senator Urquhart, could you just give a little context to that question.

Senator URQUHART: If there are emerging industries that are not at present out in industry—so new industries emerging—would they be considered even if they do not meet the strict low-cost abatement conditions that are set? We do not know what the conditions are yet. Would emerging industries be considered to be part of the program?

Senator Birmingham: As I think Dr Kennedy said in relation to the last question, it is an Emissions Reduction Fund. First and foremost, its objectives will be around achieving lowest cost abatement to meet the government's emissions reduction targets. Other factors may ultimately be given some consideration. That depends on government decision making as the white paper and legislation are finalised. But it should be very clear that the government's intention is that the Emissions Reduction Fund support and source lowest cost abatement first and foremost.

Senator URQUHART: So emerging industries may not necessarily get support, because they do not have the low-cost conditions.

Senator Birmingham: Obviously it is a market mechanism. That is what we are going out to the market for: to ensure that we achieve the lowest cost abatement, to get the best value for the taxpayer and to ensure that we do not have the type of high-cost environment that the current carbon tax regime imposes.

Senator URQUHART: Can you just outline some of the dangers that might be associated with a solely low-cost focus rather than a broader look at the net benefits of a project—so away from costs to things such as

investment, employment and longer term emissions. What are some of the dangers of solely looking at a low-cost focus?

Senator Birmingham: I am not sure if you are advocating that we should be using the Emissions Reduction Fund—

Senator URQUHART: No, I am just asking a question.

Senator Birmingham: as an industry development program rather than a climate change and emissions reduction program. But the government's intentions around the fund are quite clear: that it is first and foremost an emissions reduction program.

Senator URQUHART: Are there any dangers in just looking at that low-cost focus rather than looking at broader issues of employment in the longer term?

Senator PRATT: Might some sectors be left out entirely from the transformative change?

Senator Birmingham: If Australia is to meet, as we intend, the emissions reduction commitments we have given, the logical thing for Australia to do is to meet that through the lowest cost mechanisms. That provides not dangers to some industries but the best opportunity for all industries to remain as competitive as possible in the marketplace.

Senator URQUHART: Are you considering penalties for businesses that exceed those baselines?

Dr Kennedy: The government announced in the green paper that it would also consider the development of what is called the safeguards mechanism, which is the mechanism under which penalties could arise, which I think is what you are referring to.

Senator URQUHART: Yes.

Dr Kennedy: Just so there is no confusion—noting Senator Pratt's earlier comment—the baselines I was talking about earlier were baselines for crediting emissions. There is the potential for two types of baselines in this arrangement. We are now talking about baselines that might be associated with safeguards. The broad policy intent that the government laid down there was that it would look at implementing baselines based on, from memory, historical business-as-usual level emissions, that it would not look to raise any revenue from those types of baselines, that it would expect them to apply in exceptional circumstances and that that approach would have flexible compliance options associated with it. This is the safeguard mechanism. The government also foreshadowed or noted, perhaps it is better to say, in the green paper that it would consider potentially introducing the safeguards mechanism on 1 July 2015 rather than 1 July 2014, when the crediting and purchasing aspects of the scheme are intended to commence. The government noted that was a possibility because it wanted to consult widely and deeply with business about how the safeguards mechanism might work.

Senator URQUHART: So that is not being flagged as a penalty system—the safeguarding mechanism?

Dr Kennedy: How the safeguarding mechanism would work and the nature of a penalty system, should there be one—or how any compliance arrangement, perhaps more accurately, will work—is a matter the government is still considering. It is considering it, though, in line with the policy statements it has made in the past about the conditions under which it would expect things to apply. In light of that, for example, the government has established an expert reference panel on the Emissions Reduction Fund, which has met once and is considering that issue; and the government and the department have met widely with a number of businesses and other groups about how that would work. Is that the area?

Senator URQUHART: Yes, sort of. But I guess the issue is that, in *The Australian Financial Review* on 5 February, the minister was quoted as talking about identifying rogue emitters. How are they going to be identified if they are not already part of the ERF?

Dr Kennedy: The decision the government has to make around the safeguards mechanism is about the characteristics of who would be covered. That is a decision that the government has to make. For example, if large emitters are covered, how many tonnes per year can they emit before they are covered? That is a decision that the government has to make—and, then, the decision about circumstances under which one might breach any compliance regime that has been established. Frankly, they are all decisions the government is yet to take, but the government is currently consulting on all of those dimensions. If I could draw a parallel, under the current arrangements established by the previous government, there are thresholds set for who attracts a liability around the carbon pricing mechanism. It is a similar sort of issue.

Senator URQUHART: Okay. Some stakeholders have raised the possibility of having sector-specific options. What are the thoughts on that process? How would you police it? Would there be double-dipping in, say, one project?

Dr Kennedy: I see what you mean—like you bid into one auction and then you bid into the other auction?

Senator URQUHART: Yes.

Dr Kennedy: The government has indicated that its mechanism will avoid double-dipping, if you like. However, the issue of banding—it is often commonly referred to for different technologies or different sectors—has been raised in submissions and it is an issue that the government will now consider in settling the white paper. Previously, the minister and the government have been clear in their expectations or preference for, effectively, an economy-wide or no banding, if you like, across those options, because that is the mechanism to source cheapest abatement across the entire economy.

Senator URQUHART: I would like to move onto renewable energy.

Dr Kennedy: Sure.

Senator URQUHART: Can you explain where funding for the one million solar roofs, solar schools and solar towns programs will come from?

Dr Kennedy: All the funding decisions around the solar programs that the government has announced will be settled and announced in the budget. They are part of the budget process.

Senator PRATT: Sorry, could you say that again.

Dr Kennedy: As with a number of government programs and commitments it has made, all of the final details around any budgeting decisions on programs are in the budget process. I cannot speculate on those at the moment.

Senator PRATT: So you cannot speculate as to whether that money is likely to come out of ARENA's current budget, as per public statements?

Dr Kennedy: No, I cannot. These are all decisions that the government takes in a budget process. They are all decisions ultimately of cabinet.

Senator PRATT: I can ask ARENA these questions under a different portfolio, but, in terms of the department's overall objectives, will there be enough money for ARENA's objectives to remain viable if money comes out that budget?

Dr Kennedy: That is a question you need to ask of them, but—

Senator Birmingham: And it sounds like a hypothetical question, Senator Pratt. These decisions will all be made in the budget context, as is usual.

Senator PRATT: Okay. What will the department's involvement be in the design and delivery of the one million solar roofs, solar schools and solar towns programs?

Dr Kennedy: The department will advise the government around those programs and what its intentions are. They are all matters in front of the government, to be announced in the budget.

Senator PRATT: So you have had input into that design process as part of the budget?

Dr Kennedy: They are matters that Minister Hunt is responsible for and they are matters that the department would provide advice on.

Senator PRATT: In relation to the renewable energy target review, to date what work has been done by the department on the progress and success of the RET?

Dr Kennedy: The government has recently announced that the renewable energy target will be reviewed by an expert reference panel, with a secretariat located in PM&C, with line responsibility for those activities of the review in Prime Minister and Cabinet, by which I mean that it reports through to the deputy secretary and ultimately the secretary in that department. The chair of that panel is Mr Dick Warburton. The other members of the panel are Shirley In't Veld, Matthew Zema and Brian Fisher.

Senator PRATT: They are the panel members, but I am asking what the department's input will be.

Senator Birmingham: The department is providing some staff, who will be seconded to the Department of Prime Minister and Cabinet, which Dr Kennedy or others may be able to elaborate on. They will provide support to the panel in the process of that review.

Dr Kennedy: That is correct. We have seconded some staff to Prime Minister and Cabinet, as has the Department of Industry and the Treasury, and PM&C will of course have some of its own staff involved.

Senator Birmingham: And the Clean Energy Regulator.

Dr Kennedy: You are correct, and the Clean Energy Regulator. Questions about the exact composition and running of the review should rightly go to PM&C now. I am happy to tell you who the department has sent across just to foreshadow upcoming questions, because the responsibility for the running of that review lies with Prime

Minister and Cabinet supporting that expert reference panel. A number of our staff have been seconded there to support that secretariat.

Senator PRATT: And they are providing advice or administrative support or both?

Dr Kennedy: Both.

Senator PRATT: I have a further question about the RET. Reports from the AEMC and state regulators have shown that the impact of the RET on electricity prices is very small, around three to four per cent for households and falling. Can you confirm that that is the case?

Dr Kennedy: Senator, I am not going to make a comment on what one regards as small or otherwise. I can confirm that the AEMC publishes its estimates of the contribution that the RET makes to electricity prices. I have not got the estimate in front of me, but I think it is in the order of three to five per cent across different states and territories. Certainly, those numbers are public; we can provide them to you. You are in the ballpark with the numbers the AEMC has published. From memory, it publishes its estimates for the current year and the next year of what the RET would contribute.

Senator PRATT: You would be aware of arguments that say that in fact the RET will now be in a position to drive electricity prices down because of expanded supply.

Dr Kennedy: I am aware of the modelling that gets done in the RET about the impact on wholesale prices of expanded supply offsetting the upfront cost to bid in. The Climate Change Authority, who are appearing before you later this evening, did the last review of the RET for the previous government. So they would be able to take you through the results of their modelling, yes.

Senator PRATT: Has the department provided any advice to government on the impact on investment in renewables of removing the RET or reducing the threshold of the RET?

Dr Kennedy: Senator, it has not been our practice to go to the specifics of advice we provide to government. But, given our minister has responsibility for the renewable energy target, it is reasonable to assume that we provide advice to the minister around a whole range of issues around the renewable energy target.

Senator Birmingham: Senator, I think it is important to note the terms of reference for the review that is being undertaken. Those terms of reference not only cover issues of trying to have the lowest impact on electricity prices; they also cover issues around certainty for investment. I would have no doubt that the members of the panel will be looking at all of the different types of modelling that you have brought to the committee's attention.

Senator PRATT: So the answer, in other words, is yes—but that is to the panel.

Senator Birmingham: Departments provide advice to ministers all of the time. This now is an expert panel working with the Department of the Prime Minister and Cabinet. They, of course, will seek whatever information they want. The government has made it very clear it will be an open and transparent process. We have released the terms of reference that I think provide scope for all of the different issues around the RET to be appropriately considered by the panel. I have faith the panel will do that.

Senator PRATT: How would the department characterise the likely impact of watering down the RET on investment in renewables?

Dr Kennedy: As the senator has gone to, Senator, the review now will be undertaken by Prime Minister and Cabinet. Perhaps I should have been clearer on my earlier answer: the expert panel and the review of the RET is a whole-of-government exercise and is led and run by PM&C. That is where advice will come to government from the review of the RET. There will not be parallel processes running between us. I was perhaps referring in general terms to advice that we would typically provide to a minister around his responsibilities, naturally. In this case, as the senator has said, with the RET now being reviewed and with some of our staff being involved, that is the mechanism through which advice will be provided to government on the RET and the sorts of issues you are talking about.

Senator PRATT: The potential cumulative impact of changes to the RET, cuts to ARENA, the abolition of the Clean Energy Finance Corporation and investment in renewables in Australia: are these things that the department is currently considering in providing such advice?

Senator Birmingham: There has been a fair bit of latitude given in the questioning, but it has been longstanding practice that the departments do not reveal the advice they provide to governments. That was well and truly the case under your government, and I sat in that very chair that you are in many times—

Senator PRATT: Yes, except there was a lot more information on the public record to quiz departments about when it came to climate change policy.

Senator Birmingham: That is not true. We are going through a very transparent process—

Senator PRATT: Except no-one knows what—

CHAIR: Hang on.

Senator Birmingham: There is a green paper on the emissions reduction fund. There will be a white paper soon. There is an open review process in relation to the RET. It is open for all stakeholders to participate, contribute and, indeed, see the process is underway.

Proceedings suspended from 12:40 to 13:30

Senator PRATT: We were talking about the RET before we suspended for lunch. I was going to ask what the role of the department will be in the RET review process, but I think we have been through that fairly thoroughly, unless you have anything to add.

Dr Kennedy: No.

Senator PRATT: So it is just staff and advice that have been seconded to that review?

Dr Kennedy: That is correct.

Senator PRATT: Prior to the election last September, the government stated and announced its support for the RET. I note that the RET is being reviewed. Is it still government policy to support the RET?

Senator Cormann: It is still government policy to support the RET, but obviously the review is going to look at how it is operating and to make sure it operates efficiently and effectively.

Senator PRATT: The Climate Change Authority stated that it has started its review of the RET. If, as intended by the government, the CCA is abolished, what will happen to the work undertaken between now and then by the Climate Change Authority? We essentially have two reviews going on, one where we have a Climate Change Authority that is statutorily obliged to provide that review.

Senator Cormann: The government announced in the lead-up to the last election that we would be conducting a review into the renewable energy target and we are conducting that review. The details of that have been announced and are publicly available, and there will be a report in due course. When the government is in a position to make an announcement about any responses to that review, we will make those announcements. Our view on and approach to the Climate Change Authority and the repeal legislation is in the parliament. It is a matter of public record what the government's attitude is to all that, so I am not sure how I am able to assist you further.

Senator PRATT: What is it about the Climate Change Authority that means the government does not trust it to review the RET?

Senator Cormann: Are you asking the officials for an opinion?

Senator PRATT: You could answer it, Senator Cormann.

Senator Cormann: We were on a unity ticket in the lead-up to the last federal election when I think you circulated material in Western Australia suggesting that, in fact, the previous government had already scrapped the carbon tax. I know now that your party now wants to keep it. Our position is very clear. We are committed to scrapping the carbon tax because we think it inappropriately pushes up the cost of electricity and gas, that it is pushing up the cost of living and the cost of doing business across Australia. It is costing jobs and getting rid of the job-destroying carbon tax and all—

Senator PRATT: My question was about the RET.

CHAIR: Order! Senator Pratt, the minister has the call.

Senator PRATT: But my question was about the RET.

CHAIR: Let the minister continue.

Senator Cormann: Getting rid of the job-destroying carbon tax and all the associated bureaucracies that come with it is good for families, it is good for business, it is good for the economy, it is good for jobs. It is a policy that we took to the last election and it is a policy we are committed to implement. Obviously we will have to agree to disagree because you have taken a position after the election that is inconsistent with the position that you promoted before the election, but we are sticking to the commitments that we took to the last election.

Senator PRATT: It is not inconsistent. You can abolish a carbon tax without dismantling all of the architecture that prices carbon.

Senator Cormann: There was no fine print whatsoever on your flyer, Senator Pratt. I know that you have tried to flesh out the fine print after the election, but it was not on the flyer that you circulated in Western

Australia in the lead-up to the last election. You will have the opportunity no doubt in the next little while to circulate another flyer about what you intend to do with the carbon tax, and as a voter in Western Australia, I look forward to reading it.

Senator PRATT: You can repeal the carbon tax, but you do not need to dismantle piece of useful climate change policy in this country in order to do that, do you, Senator Cormann?

Senator Cormann: Again, our position is very clear: the carbon tax does not help reduce emissions; it is an inappropriate burden on our economy; it is an inappropriate burden on families, on pensioners and on business; it is costing jobs; scrapping it is going to be good for the economy, good for jobs. And of course we have long been on the record as making very clear we will get rid of all of the associated bureaucracy that the previous government and the Greens introduced with it.

Senator PRATT: Can I ask about the RET, thank you. If the CCA is abolished, what will happen to the work that has been undertaken by the CCA? Is it formally being fed into the review, or is the review ignoring the work that the CCA is doing in terms of its statutory obligations to review the RET?

Dr Kennedy: Senator, as the minister has indicated, it is the government's intent to abolish the CCA. The government is running a RET review process through an expert panel chaired by Mr Dick Warburton, supported out of Prime Minister and Cabinet. What the CCA does is a matter for the CCA. They will appear in front of you later this evening, so questions about their activities I think should go to them rather than to the officials here.

Senator PRATT: So the government is in effect paying for two reviews and will only listen to the advice emerging from one of those reviews. Is that correct?

Dr Kennedy: I think in the first instance perhaps you should clarify with the CCA what their processes are and what their intention is. I cannot speak for them. That would be the first thing to clarify. They obviously have legislative obligations as to why they still exist, but the government has been very clear that it intends to abolish the CCA. As the minister said, it has legislation in the House and it is moving on conducting its own RET review, which is actually a part of existing RET legislation as well. So it is a review that would come about in the normal course of events.

Senator PRATT: Yes, the CCA has started its review. It is statutorily required to provide that while it still exists. Are you saying that that advice will have no input into the other review that is going on?

Dr Kennedy: I was referring to the obligations under the RET Act for the government to conduct a review. You should put to the CCA the obligations that they face under their legislation and you should also put to them questions about the activities they are undertaking. We cannot take those questions.

Senator PRATT: I can do that. I can ask them that, but are you going to ask them that? What is the review going to ask the CCA about the RET? Nothing?

Dr Kennedy: The review is being conducted in Prime Minister and Cabinet. If you want to ask questions about the conduct of the review they should go directly to Prime Minister and Cabinet.

Senator PRATT: And I will have to ask them about whether the CCA's work will in any way be used within the review.

Dr Kennedy: I think the minister has given you a clear sense of the government's intent of what the policy is around.

Senator PRATT: He implied that they would not be listening to the CCA but he did not say that clearly.

Senator Cormann: I did not imply anything. I said that the government is implementing our election commitments. We said before the election that we would conduct a review of the Renewable Energy Target. We announced that review on 17 February. The review is focused on ensuring that the scheme operates as efficiently and effectively as possible, and it will report by the middle of July. We have made the announcement as to who is conducting the review. It is really up to them now to run through that process. We look forward to the report when we get it. The government will, at the end of that process, consider how to respond to any recommendations, as appropriate.

Senator PRATT: There was already a body empowered to do that review, but perhaps without the same ideological biases.

Senator Cormann: It is a body that the government is going to abolish. That is a policy that we took to the last election, and we take the mandate of the Australian people in relation to this very seriously, unlike the current opposition.

Senator PRATT: Can you update the committee on the programs sponsored by the department that contribute to Australia reaching its renewable energy target?

Dr de Brouwer: The discussion earlier on—sorry if I misinterpret it—is that some of those programs are subject to the normal deliberative processes underway. Is that the same program you are referring to?

Senator PRATT: Yes.

Dr de Brouwer: They are under those deliberative processes.

Senator PRATT: Can you give an outline of what the existing processes are and what their contribution is. I understand they are under review.

Dr Kennedy: The program responsibilities of this department are around the renewable energy target in the RET act. As the secretary has said, the department is also preparing advice for the government. The government will make decisions on the programs we discussed before lunch. There are other renewable energy related policies that come forth through the Department of Industry. For example, you might be referring to ARENA or some of those other bodies. We do not have responsibility for those.

Senator PRATT: No, I understand that. I wanted to ask about the level of engagement. There has been a lot of industry participation from communities and industries in these programs and now they are faced with some uncertainty. I am interested to know how you are characterising this transition and certainty for the sector that is engaged in these programs.

Dr Kennedy: You are referring to the industry programs more broadly? They are questions about the future development of policies related to renewable energy that are administered by industry. So it should go to industry, to the people who are running those programs. As the minister said, the government has been clear in its intent to review the RET and it has established that review and, as I said earlier, it will run out of Prime Minister and Cabinet. In terms of broad consultation with the industry, during the normal course of events in advising the government, we would meet with a range of stakeholders around the renewable industries, if you like, as would ministers, as would other departments.

Senator PRATT: Will it be more difficult for direct action to reach its goal for five per cent emissions reduction on 2000 levels by 2020 if the RET is removed?

Senator Cormann: That is a hypothetical question.

Senator PRATT: It is not. You have to have a view if you are responsible for renewable energy target policy.

Senator CORMANN: If you preface a question with an 'if—if this happens, what would happen?—that is, by definition, a hypothetical question, which I think is contrary to standing orders.

CHAIR: Would you like to rephrase your question, Senator Pratt?

Senator PRATT: How will a five per cent emissions reduction target be reached if the RET is removed?

Dr Kennedy: This is still a hypothetical. The government has made no decisions about the RET. All of these matters, including the interactions between the government's emissions reduction fund and the RET will sensibly be considered through both the RET review and the government's own considerations around the implementation of the ERF.

Senator PRATT: So you can say nothing at this stage that explains the technical relationship. This is the department that is responsible for renewable energy target policy, regulation and coordination? Yes, there is a review that you will answer to, but clearly you must understand that there is an existing relationship between our capacity to make targets and size of the RET.

Senator Cormann: We would like to be as helpful as possible but the assumption which is the premise of your question is actually not something that is settled, and officials cannot assist you with something when you make an assumption that is actually not currently on the table whatsoever. There is no suggestion of abolishing the RET. So the premise of your question is something that, quite frankly, is not accurate.

Senator PRATT: How will the department currently categorise the role of the RET in Australia meeting its current emissions target?

Dr Kennedy: The objectives of the RET are established in legislation. I apologise; I do not have them in front of me. The advice to government that will come from the expert review panel and its supporting analysis will look at those objectives and provide the government with advice in that area. I do want to say though that I am not speaking on behalf of that review. Questions about what that review will cover and how the RET will feed into further consideration should now go to PM&C, who are responsible for that review.

Senator PRATT: The premise of saying that it is not relevant in terms of the current parameters of repeal, for example, of the Climate Change Authority is based on the legislation going through the parliament. That is by no means certain at the moment. So can I ask again, in relation to the Climate Change Authority's advice that it is statutorily obliged to provide, what its status would be under legislation in the future?

CHAIR: Dr Kennedy, we do not know what the legislation will be in the future, but do your best, if you like.

Senator PRATT: Well, it is—

CHAIR: Senator Pratt, we have current legislation in place, so—

Senator Cormann: We can summarise our answers again to assist you. The government has announced a review of the renewable energy target, consistent with what we said we would do before the election. As Dr Kennedy has advised, that review is not undertaken by the Department of the Environment; the secretariat is hosted by the Department of the Prime Minister and Cabinet. So, if you have any specific questions on how that review operates, obviously those questions would best be addressed there.

In relation to the Climate Change Authority, it is part of the bureaucratic structure that is attached to the carbon tax, which was introduced by the previous government—a carbon tax which we have committed emphatically we would abolish, along with the associated bureaucratic structures. We are currently taking that legislation through the parliament. Because there is an incredible filibuster going on by those who promised before the last election that they had already scrapped the carbon tax, it has taken a bit longer than we would have liked, which quite frankly is bad for the economy, bad for jobs and bad for families, who are forced to suffer higher electricity prices than they should. If the Labor Party and the Greens were not running such a filibuster in the Senate as they have been doing in recent months, families and business could have certainty about what would happen to electricity prices from 1 July 2014 onwards. We are just pressing ahead with what we said we would do before the election.

Senator PRATT: But the current legislation—

CHAIR: Order! Senator Pratt, I said five minutes ago that it was your last question.

Senator PRATT: But I have not had an answer to my question.

CHAIR: I sat here for years in opposition and never got an answer, I can assure you.

Senator URQUHART: I have one quick question.

CHAIR: Yes, then we will go to Senator Ruston.

Senator URQUHART: Dr Kennedy, my understanding is that the current legislation is that the CCA does the RET review. So is the department not working under the current legislation?

Dr Kennedy: Under the current RET and CCA legislation under their obligations?

Senator URQUHART: Yes.

Dr Kennedy: All parts of government comply with legislation as it stands until it is repealed, obviously, as do other parties which are expected to continue to respond to legislation. The CCA is an independent body under that legislation which is responsible for its own actions. The department does not direct the CCA in any of its functions. The CCA undertakes, under its own legislation, those activities independently. It should speak for itself on its own actions. It is not a matter for me to speak on its actions. I was simply trying to explain earlier that the government has been very clear in its policy intent. It intends to repeal the CCA and it has been consistent in indicating how it will review the RET, and it has established that review.

Senator RUSTON: Back on the line of the cost and benefit of the carbon tax, but most particularly in light of the fact that there was a hope or expectation that the carbon tax would be able to be repealed sooner rather than later, obviously we now know that it is not going to be able to be repealed in this current term of government, unless some common sense prevails.

Have you got any understanding of the cost of delaying the repeal of the carbon tax from when it could possibly have gone through in November now possibly not being repealable until after 1 July or subsequently if it goes any longer? Do we have a quantum of the cost to government, business and the community?

Dr Kennedy: I do not have those quantum in front of me. I am happy to outline the issues and potential costs associated with delayed repeal that have come forward from submissions around repeal. I am happy to take on notice estimates around ongoing administration that would be associated with delayed repeal. That would be related to my earlier question about the obligations that bodies would face until the repeal takes place.

All agencies and bodies are required to continue to comply with legislation in place until it is repealed; and, of course, if there is a delay in that repeal, they continue to comply until it is subsequently repealed. The issues that come up around the repeal legislation not passing till after 1 July—and the government has been very clear and

existing repeal legislation makes it clear that the repeal would take effect from 1 July and onwards and no carbon tax liabilities would arise after 30 June—relate to the fact that business also continues to have to comply with existing legislation until it has certainty that that legislation is repealed. For example, people striking contracts—this can occasionally come up in the electricity sector—in a way are not able to move on until that legislation is passed, because they obviously have a legal obligation to comply with the legislation until it is clear that it is repealed. So the costs tend to come with that uncertainty about when exactly the repeal itself will pass and the fact that, if repeal happens after 1 July or later than the government intended, people will have been complying administratively with that legislation up until that point. So the costs probably come from both compliance and also the uncertainty about the precise date on which the legislation passes.

There is no doubt about the effect of when the repeal would take effect; the government has been very clear in its legislation that, even if it were to pass after 1 July, it will take effect from 1 July onwards.

Senator RUSTON: So there will be a retrospective component should it be forced into July?

Dr Kennedy: Correct.

Senator RUSTON: Okay. One of the things I am particularly interested in and was of great concern when it was announced by the former government was the suggestion that, if the carbon tax were to be retained, it would in due course be applied to heavy road vehicles. Do you have any figures around the costs to transport should the carbon tax apply to heavy vehicle use?

Dr Kennedy: I do not in front of me. Again, I am very happy to take that on notice. It is a matter of public record that it was the previous government's policy to extend coverage to heavy vehicles.

Senator RUSTON: Okay. I ask only because it continues to resonate out in the community because the carbon tax has not been repealed. Do you have the figures for the total costs of the financial grants and assistance programs that were introduced by the previous government—the compensation package that sat alongside the carbon tax?

Dr Kennedy: I do not. Apologies for not having that information with me. Those programs were across government, so I would need to talk to colleagues in the minister's department about bringing together a table that showed the costs of all the programs across government. But certainly that information is available, and I apologise for not having it here. I can bring it together for you. Within our own department the main conversation mechanisms involved the issue of free permits for emissions-intensive trade-exposed firms, for example, and compensation for emissions-intensive generators—payments that have already been paid and which, of course, will cease once repeal takes effect. But there were many other programs. From memory, the initial clean energy plan had around 43 separate elements administered by 12 different departments and agencies. I can bring that together for you.

Senator RUSTON: We have heard in the June 2013 what the reduction in emissions had been since the carbon tax was introduced and about the \$7.6 billion cost to industry. I was trying to get the broader point of what had been paid out so we could get some sort of real and honest measure of what it has cost us and what we have got for what we paid for. I think the Australian public will be able to see more clearly the value or lack of value that we have achieved through the carbon tax that is being blocked from repeal. Thank you.

Senator WATERS: I have a few questions. Do we have some folk at the table who can answer questions about the carbon effects of changes to Queensland vegetation protection laws?

Ms Thompson: Yes.

Senator WATERS: Great. As you may be aware, the Queensland government has recently watered down those vegetation management laws, taken away regrowth protection, weakened riparian protection, stalled prosecutions—a number of changes have been made. The estimate is that that will mean there are 300,000 to 750,000 hectares now able to be cleared. Is your department tracking what that means for our national emissions?

Ms Thompson: We basically look at land clearing and the effect on emissions in two ways. We look at it for the purposes of the national inventory, which we prepare every year, and my colleagues in another area of the department also look at what we project the impact will be going forward. One of the difficulties of looking at the impact of things like the Queensland land clearing changes is that, in order to know the actual effect of a change like that, you also have to know what would have been cleared in the first place, if I can put it that way. So we can look at having some estimates of what the impact would be; but, because we do not know what would have happened in the alternative scenario, it is quite difficult to get a firm figure for all of that. I might ask my colleague Mr Sturgiss to come to the table. He might be able to provide us with some further assistance.

Senator WATERS: Thank you.

Mr Sturgiss: As Ms Thompson was indicating, the national inventory systems are set up to monitor the amount of clearing of land across the country on an annual basis. The latest inventory, which was published and submitted to the United Nations Framework Convention on Climate Change in April last year, reported the total amount of land clearing observed using our assessment of the satellite imagery for the year 2011. In April this year we will update that report, and the submission to the UN will cover the calendar year 2012. So at this point the inventory does not have any real information in relation to the effect of the changes in the vegetation management laws in Queensland; but, as a matter of course, the inventory will monitor the aggregate clearing across Queensland through that process. It is a question of attribution of outcomes to changes in regulation or to other factors such as prices in the economy that might affect the amount of clearing going on. It is a more complicated question, but the total clearing activity across the country will be monitored through the national inventory.

Senator WATERS: Thank you. I want to come to two aspects of that. Given that the time frames you are currently reporting on relate to our last emissions target plus eight, did the figures that you were able to provide in relation to land clearing alter in any way the nation's ability to meet that target, or were they tracking as expected?

Mr Sturgiss: The first commitment period of the Kyoto protocol relates to the period 2008-2012.

Senator WATERS: That is my point. You have put in figures for 2011. You will soon be doing figures for 2012. Are the land averted emissions from retention tracking as predicted? Are we on track to have met that eight per cent target in terms of the land sector?

Mr Sturgiss: Yes. The late assessments of tracking and progressing the period of the target are recorded in the publication of our quarterly national inventory, last published on 5 February. The answer is yes, the nation is tracking towards that commitment.

Ms Thompson: I will add to what Mr Sturgiss is saying. My understanding is that the latest quarterly figures show that we are tracking to about 104 per cent of the 1990 base. The target is, of course, 108 per cent. So we do have a fair bit of room between the 104 and the 108.

Senator WATERS: So we can do better if we apply ourselves. It sounds like we should continue to do that. But that is not a matter for you folk. In terms of the second aspect that you mentioned—the role of projections—can one of you talk to me about how you factor in those legislative changes to your projections, if you do?

Ms Thompson: Senator, we might also want colleagues to come to the table who work more particularly on projections. Of course, the projection for the land clearing number would look at the impact of things like legislative changes, because they are one of the things that needs to be considered in that context. I think what Mr Sturgiss is partly alluding to is that the actual data that we source from remote imagery for these sorts of changes is not currently available. At the moment, we look at an estimation that is based on things like responses to terms of trade, because we find that farmers often clear their land in response to signals from international commodity prices. But what we are saying in this case is that the actual data that we use from things like our remote sensing efforts, which is actually using satellite data and vegetation mapping to inform the inventory, are still to come. Of course, that further information will be quite important for the projection going forward because the projection uses, where it can, the most recent inventory update data. I do not know if colleagues want to add anything.

Senator WATERS: Thank you. I guess I am particularly interested in how you take account of the fact that there is possibly 750,000 hectares of land that was protected three months ago that is now able to be cleared and how that shapes your response to planning.

Dr Kennedy: Of the last projections that were published, there were some projections published with the release of the green paper in mid-December. They reflect modelling that was undertaken with Treasury and numbers that came from the department that were prepared earlier around the middle of last year, with some updates around particularly the carryover or the extent to which Australia is exceeding its target in the first commitment period. As we update projections and publish them through the government, we do sit down and not only look at all the economic factors but look at any significant changes in policy that might change the target or the extent to which emissions would otherwise increase without policies in place. At this stage, the department does not have, and nor has it published, its own estimate through government of the exact effect of the emissions that might happen from that change in policy.

Senator WATERS: Because of the timeframe involved?

Dr Kennedy: But it would be part of our consideration in updating our projections.

Senator WATERS: Thank you. I will ask about that in future estimates, then, because it is obviously a massive swathe of land which is of crucial importance to factor into planning. Have the words 'climate change' been removed from the department's website?

Dr de Brouwer: I would be very surprised, Senator. Not that I am aware.

Senator WATERS: We had some reports to that effect. I have had a look. I can find one reference to climate change on the front page of the website that then takes you to an entirely separate website. I am interested in whether to your knowledge any departmental employees have been told to refrain from using the term 'climate change'.

Dr de Brouwer: It is one of the outcome responsibilities of the minister and the department. I am not aware of that, and I will take it on notice.

Senator WATERS: Thank you. Take on notice whether there has been any instruction, directive, suggestion or what have you to change the terminology used.

Dr de Brouwer: Yes, Senator. I would be very surprised.

Senator WATERS: Thank you.

CHAIR: So would I.

Senator WATERS: Well, so would we all, but let's see. Thank you for looking into it further. I want to ask now about the Galilee Basin coal deposits and the recent approval of mega coalmines there as well as, frankly, coalmines everywhere else. Is your section advising the minister of the climate impacts of coal mining and export of this scale and of the fact that keeping that coal in the ground in the Galilee is a huge opportunity to protect Australia from the impacts of further extreme weather events—bushfires and constraints on agricultural productivity and things that I would think we are all concerned about? Is anybody advising the minister on that?

Dr de Brouwer: We provide a range of advice to the minister. On the specific content, a lot of that would be largely deliberative material, Senator.

Senator WATERS: I do not quite know what you mean by that.

Dr de Brouwer: We do not normally talk about the content of our advice. We provide advice across a wide range of climate change relevant material.

Senator WATERS: Including on that matter?

Dr de Brouwer: That would be going to the specific content of the advice that we would be providing to the minister.

Senator WATERS: Well, I do not think it is going to its existence as opposed to its content.

Dr de Brouwer: We provide advice to the minister around climate change policy. But I do not want to go into the specific content of all the elements of that. That would be going into advice that we provide the government for its deliberative purposes or for deliberation.

Senator Cormann: I will assist you, Senator Waters. We might take that on notice. If Minister Hunt feels that he can add to that answer, we will provide you with an answer.

Senator WATERS: Thank you. I appreciate that you cannot disclose the nature of the advice, but I am very interested as to whether anyone does turn their mind to that sort of policy approach and thinking and the climate impacts of approving these mines and whether or not the minister is properly apprised of that information when making his calls about those mines. Thank you. When those coalmines are approved, can you advise whether the emissions from the burning of that coal are considered in that approval process and whether or not the climate change impacts under the EPBC Act are considered?

Dr de Brouwer: Under the EPBC Act, there are specific requirements on the minister and us in relation to matters of national environmental significance. I do not think that is one of them, Senator.

Senator WATERS: I think you are right. So there is no climate consideration in the EPBC Act?

Dr de Brouwer: Under the EPBC Act.

Senator WATERS: Is there any consideration in domestic decision making of the climate effect of burning the coal from those mines?

Dr de Brouwer: I will have to take that on notice.

Senator WATERS: If you could. Again, I suspect the answer is no. What I am trying to establish is how a government factors in the climate effects of these mega mines when making its decisions. I am keen to be reassured that there is some process or some person somewhere that does think about that. My understanding is that the national environmental laws do not require that and nor do our national inventory targets, given that it is a scope 3 emission. But I am really eager to be disavowed of that.

Dr Kennedy: Senator, the officers here at the table are not responsible for administering the EPBC Act. Those officers will be here with you, I think, from around 5 o'clock or 5.40 this evening. If you are interested in the specifics of the act itself and how it is applied, they would be best placed.

Senator WATERS: Thank you very much. Does your department advise on the potential to meet a five per cent reduction target and the relevance of the approvals of those large coalmines in that context? Does somebody have that job?

Dr de Brouwer: We do not deal with those approvals to the climate change analysis, Senator.

Senator WATERS: Sorry, can you repeat that?

Dr de Brouwer: We do not generally relate the approvals of specific projects to our climate change analysis.

Senator WATERS: So you do not look at the effect of approving mega coalmines in your climate work? Is that what you are saying?

Dr Kennedy: Perhaps I could elaborate. What the secretary is talking about is the specific application of the EPBC Act. As I said, you would be best placed to ask those officials who turn up later. Of course, in preparing emissions projections, as we were talking about before, and those sorts of things—emissions that are Australia's under the frameworks under which we report—we publish projections. The extent to which policies need to move to lower those projections to meet targets is one thing that the department does provide advice to the government on. That is on the public record. As I said, an update to previous projections was published in December. Those projections do take into account our best estimates—projections are in part informed guesses—of the nature of future economic development, including the nature of any new industrial plants or mines or other aspects that come on board. The gap between the emissions that will be produced and to meet a target is part of the government's consideration in designing the policies to close that gap. But that is in general terms. As to the specific application of the act itself, I think really they are matters best addressed to the people who administer the act.

Senator WATERS: It does not relate to the act, as we have just established. The climate has very little relevance under the EPBC Act. More is the pity. My question is: is there someone that is advising the minister and the government more broadly on whether or not the emissions from approving these mega coalmines will then make it impossible to meet a five per cent reduction target that the government claims to be committed to?

Dr Kennedy: Well, without going to the specifics of advice that we provide to government, we certainly, particularly through projections exercises, provide advice about Australia's likely emissions in the future and the extent to which policy needs to move to close the gap to meet the government's stated minus five per cent target.

Senator WATERS: And in those projections you factor in the approvals of those mega coalmines and any ones that are coming down the line, or just ones that have already been approved?

Dr Kennedy: We do our best to factor in what is likely to happen. I should reinforce that projections are exactly what they sound like; they are our informed guess about what emissions will look like in the future. But they are matters we consider in forming those projections.

Senator WATERS: You mentioned your projections earlier. I might have misconstrued you. Did you say that you did in fact include in your projections the emissions from the burning of the coal from those mega mines when it is exported?

Dr Kennedy: No, sorry. The emissions I am talking about are the emissions that Australia is responsible for. So it is any emissions from combustion here or any fugitive emissions that might be associated with the extraction of coal in this case or any electricity use that is also associated with that. That is the production based method of emissions that we use globally. All countries report on that basis.

Senator WATERS: So you are not tracking the emissions produced from the coal that is exported from, say, the Galilee Basin?

Dr Kennedy: Other parties do estimate, if you like, consumption based estimates, which I think is a little closer to what you are talking about, or estimates that try and measure emissions from a different perspective. But, no, the department tracks emissions based on what Australia's international obligations are. That is the basis under which the projections are published. If coal is exported to another country and combusted in that country, that is the emissions in that country.

Senator WATERS: Sure. This is my final question. So we are not tracking the effect of those mega coalmines on the climate when they are exported and we are not looking at the climate impacts of those coalmines under our environmental laws yet you are somehow advising the government how to meet a five per cent target. That seems to me to be a little artificial.

Dr de Brouwer: The difficulty, Senator, is that we do not know what other emissions would be displaced by the coal that we export where it is a more emissions intensive activity or source of power. So a lot of conjecture would go into trying to understand what that analysis is.

CHAIR: Thank you, folks. Thank you for your time. I now call on the Clean Energy Regulator.

Clean Energy Regulator

[14:16]

CHAIR: Welcome. Ms Munro, would you like to make an opening statement?

Ms Munro: No, thank you, Chair.

Senator URQUHART: There was a story in the *Financial Review* this morning about the cancelling of the auctions. What will the impact of cancelling those auctions, as announced this morning?

Ms Munro: I will just explain the background. What Minister Hunt has done is revoke ministerial determination, which is regulation. That determination was quite narrow in its application. It basically established the schedule for the first set of auctions for carbon units which are required for the flexible price period. The requirement was that we would hold three auctions before 30 June this year. Those auctions were of units which would apply to the 2015-16 year under the flexible price period and an auction of units for the 2016-17 year. We do not have any evidence that at the current time there is a market for those units, so if the determination had remained in place, there would have been a requirement on us to go through the motions, if you like, of holding those auctions. We have to commence preparing for them around now. That would have meant that we had to incur quite significant costs both with internal resources and with our auction service provider. So the effect of not revoking the determination would be that we move ahead with those auctions. However, as I said, those auctions apply to units for future years. Therefore, if there were a market and demand for those units at a later date, it is open to us again to commence auctions. Naturally, all this takes place against the backdrop of the government's intention to repeal the carbon price.

Senator URQUHART: So in terms of, again, the impact, is there any impact in cancelling the auctions?

Ms Munro: To me, this is a matter of practicality. I do not believe there is an impact, principally for the reason that at present there does not appear to be any market for those units.

Senator Cormann: The impact, Senator Urquhart, is that the government is saving some money on behalf of taxpayers. Obviously, to go ahead with an auction at a time when there is no market, in the context of the government's express intention to scrap the carbon tax and all these associated mechanisms, would be quite wasteful. So the minister's actions in relation to this are obviously very sensible.

Senator URQUHART: The Clean Energy Regulator has been identified as the main administrator of direct actions ERF. Is that correct?

Ms Munro: The green paper discussed the government's proposed governance arrangements for the emissions reduction fund. It suggested that the Clean Energy Regulator would carry out those roles.

Senator URQUHART: Can you just explain what that will involve?

Ms Munro: Well, at present, Senator, they are matters for policy consideration. More detail will be released for consultation in the white paper. Broadly, as discussed in the green paper, there are two components, which are the crediting scheme. The crediting builds very much on the infrastructure of the carbon farming initiative, which we currently administer. There would also be the purchasing arrangements. But the detail of specifically what those roles will be obviously will be, as I say, canvassed in the white paper and then a matter for legislation.

Senator URQUHART: So just in relation to what is in the green paper, how does this differ from the existing regulatory responsibilities?

Ms Munro: Well, as I said, it is the government's intention to build the new policy on the existing infrastructure. The carbon farming initiative processes would be built on, and the discussion of how those might be streamlined for what would be a larger scale arrangement. The other important source of data for the emissions reduction fund will be the national greenhouse and energy reporting arrangements, which we currently conduct under that act. So that would remain in place. That would feed in. At the moment, I do not think it would be appropriate for me to speculate about the details of the other roles, which, if you like, would replace the current functions that we carry out with respect to the carbon pricing mechanism.

Senator URQUHART: Do you believe that you have the appropriate staffing resources to meet those obligations?

Ms Munro: Again, it is really a matter of how that detail develops. In the broad, I believe we do. We have a good understanding of the industries in which we operate. We have systems and the processes which are very relevant to the information processing and the decision making that would be required under the emissions reduction fund. Nevertheless, until the specifics are developed, we will not be able to form a view of where we would need to refocus, if you like, our capabilities. What we are doing at the moment, because we have quite a broad remit as a regulator within, if you like, the abatement sphere, is very much focussing on developing generic regulatory capabilities so that we can be reasonably agile and responsive. Under the current set of responsibilities we have, there are peaks and troughs in the workload. It makes sense for us to develop capabilities so that we can move resources around as required by the effort. Really, we would be looking at continuing in that tradition.

Senator URQUHART: What about the skills required? Do you have the appropriate skills, or will they require additional training?

Ms Munro: Again, I really am not in a position to comment on that at present because it does go very much to the detail of the tasks that we have. There is a spectrum that you could envisage, some of which would require new skills which we currently do not have but much of which we would very much leverage off our existing capability. So on the specifics of what training we require and what technically focussed staff we require, we really will have to leave that to a later date.

Senator URQUHART: If staff were required to be trained, would that cost be met by direct action funding or from departmental funds?

Ms Munro: Well, we are resourced as an agency to carry out staff training and development in the normal course of business. Again, I would not speculate at this stage about whether that goes beyond that. Certainly there is no question that the core systems and processes are very much based on what we are currently able to do. However, at the margins, it is certainly possible that we would require to refocus our efforts. We will address that matter certainly when the white paper is released and when we see more detail of the legislation that we might be required to administer.

Senator URQUHART: What is the level of understanding that you have of the assessment process for project bids in the reverse auction?

Ms Munro: Again, it is very difficult to answer a series of questions which go to policy which is not fully settled yet. The general frame of it is, in fact, that the assessments are very much focussed at the crediting phase. If a project qualifies to earn credits in the same way as a carbon farming initiative project currently, it can apply to us for approval. Then it is declared as a project, and then it is able to earn credits. It would be a similar process to that. So once a project was able to earn credits, you would imagine that the proponent of that project would qualify to participate in the auctions. Again, I think there will be quite a lot of discussion through the white paper process of exactly how those processes flow through.

Senator URQUHART: So that is not cemented in yet. What level of consultation will you have with businesses and other stakeholders in relation to those issues? Is there a process that you will undertake in terms of that?

Ms Munro: Yes, indeed. Clearly at the moment there is a policy process underway. That is being run by the department. There is extensive consultation there, and certainly a very large number of submissions are being made. There is a lot of opportunity for business to contribute. We really get involved at the next stage, which is around matters of administration. I think our track record over the last couple of years has been very clear, where we have been putting in place a new system around the carbon pricing mechanism. We have been very open with participants in the schemes that we administer—it is the same with the carbon farming initiative—in terms of discussing matters of administration. There has been a huge amount of interaction, actually, around that. We will continue along that vein but within the confines of the legislation and what we are empowered to do.

Senator URQUHART: Finally, what will become of the activities that are you already undertaking as part of the clean energy package? Will those activities continue? Will they be different? Will they be stopped?

Ms Munro: I think there is a pretty clear bright line. There are only two activities that are being stopped. One is the carbon tax—the carbon pricing mechanism—and the other is the industry assistance program that goes along with that, which is the jobs and competitiveness program that provides free units to energy intensive trade exposed industries. So those elements will stop. Everything else that we do, which is 80 per cent of the agency's efforts, will continue.

CHAIR: Thank you, Senator Urquhart. Senator Madigan, you have five minutes.

Senator MADIGAN: Could you tell me how much income the Clean Energy Regulator has generated in fees from processing RECs and LGCs from accredited Australian wind energy power stations?

Ms Munro: Sorry, the door was just closing. I did not catch that. Processing LGCs from?

Senator MADIGAN: How much income has the Clean Energy Regulator generated in fees from processing RECs and LGCs from accredited Australian wind energy power stations?

Ms Munro: Senator, I do not think we would have that information to hand. However, I am sure that we can obtain it and take that on notice. We will do that. Perhaps we might also explain the basis on which those fees are set. I am sure that would be helpful for you, because it is essentially on a cost recovery basis.

Senator MADIGAN: Could you also take on notice what percentage of those funds has been generated from wind farms that have not satisfied the terms of their planning permit conditions?

Ms Munro: Well, I can answer that second part of the question on the spot. As you will recall, we discussed this question exhaustively when we appeared before this committee in November and through following up on some written questions, on which we also responded to the committee. We do not consider that we have issued units to any entities that were operating outside of their consents.

Senator MADIGAN: Was it the advice of Mr Paul Jarman, assistant director of regional projects in Victoria, that the CER should ignore the contravention of a state law at the accredited Waubra wind farm power station and, in doing so, abdicate itself of responsibilities described in the Commonwealth Renewable Energy (Electricity) Act 2000 and the Renewable Energy (Electricity) Regulations 2001?

Ms Munro: I do not have before me a document that would suggest that Mr Jarman asked us to ignore anything. If you have such a document, I would certainly be interested to see it. I will go back to the discussion we had last time. The Department of Planning and Community Development in Victoria is the responsible authority together with the local authority for planning consents in Victoria. We have certainly discussed with them this question of what action they were taking and whether the planning consent might be withdrawn. However, we form our own view about how we apply our own legislation.

Senator MADIGAN: Does the CER accept the likelihood that the state regulator, under Victoria's Planning and Environment Act, has failed to formally determine noncompliance with state laws in order to ensure that the clean energy investments of wrongly accredited power station operators are protected?

Ms Munro: Senator, I am not sure that is even a proper question to put to us. We do not consider the purported motivation of a planning authority in applying its own legislation. We look at the facts of whether or not the appropriate consents are in place and whether or not actions have been taken to set aside those consents. That is within our jurisdiction. Those other matters to which you refer would not be considerations that we would take into account, and nor would we consider what considerations they were taking into account beyond the proper execution of their duties under the legislation under which they operate.

CHAIR: Senator Madigan, this is your final question.

Senator MADIGAN: Ms Munro, does the CER regulate anything, or is it just a tick and flick?

Ms Munro: Senator, our regulatory ambit is very clearly set out in our legislation. We are essentially an economic regulator. The focus of our role is to ensure that entitlements and obligations under our legislation are properly apportioned. So we do take that responsibility very seriously. We do have a very thorough education, compliance and enforcement framework through which we provide assurance that certificates, carbon units or Australian carbon credit units—whatever the currency that applies in the relevance legislation—are properly issued to parties that are entitled to them and in the right amounts. That is the basis of our activity. Similarly, on the other side of the coin, we regulate the obligations that the parties have to surrender units to us through the carbon pricing mechanism and the obligations that they have to report correct data and information to us through the National Greenhouse and Energy Reporting system. We carry out those functions to a high standard, I believe.

Senator BACK: I have been reading your application for accreditation for renewable energy certificates for power stations. At section 8H, you speak of applicants having to comply with environmental and planning requirements at a Commonwealth, state, territory and local government level to be eligible and that power stations must operate in accordance. I want to go to that, if I can, in questions asked by my colleague Senator Madigan. At question 103 in February last year, you made the observation that all renewable energy power stations currently accredited were assessed and found to be compliant. You said:

Ongoing compliance is monitored and supplemented by annual compliance statements and risk based audits.

Does your office undertake those annual compliance and risk based audit processes?

Ms Munro: Yes, we do. In fact, there are actually two measures that we require. First of all is an annual compliance statement, which is provided to us via the entities. Not only do they provide us the documentary evidence on application that all the appropriate permissions are in place but they annually provide this statement

that those remain current. In addition, every time they make a claim for units, they also have to provide a standing notice, which is designed, again, for them to state their compliance or to draw our attention to any matters.

Senator BACK: Given the brevity of time, I will ask: does the state authority in each case also write to you and give you some undertaking of the compliance by operators in their state?

Ms Munro: We do not require that as part of our process. We do not regulate the state authorities.

Senator BACK: Sure. But nevertheless it is a requirement that applicants must comply with all Commonwealth, state, territory and local government requirements. Therefore, what happens at state and territory level? I will follow on from the question that my colleague asked you in November. We just got the reply on Thursday last week. In response to question 122, you said that there was full compliance back in February. You then told us that the Clean Energy Regulator is satisfied that the Victorian Department of Planning and Community Development is dealing with an issue associated with noncompliance and that the minister for planning has not determined whether the wind farm is or is not compliant with relevant planning permits. That follows on from a letter that the operator of Waubra wind farm was sent in December 2010, nearly 3½ years ago. I believe you have a copy. That is a letter written by the minister, Matthew Guy MLC, in which he refers to noncompliance, as I understand it, with their condition 14 associated with noise compliance and further reference to a condition 16 associated with the mode of wind energy. In that letter—and I will quote—Mr Guy says:

I expect that this program will respond to any omissions or additional noncompliances identified during the revision of the report.

So we have something from February last year saying that they are all compliant and that there is an annual compliance statement. You have told us that comes from the operator. You then told us in response to a question in November that the minister for planning in Victoria has not determined whether the wind farm is or is not compliant. We then have a letter from 3½ years ago to the operator telling us that he in fact is noncompliant. Can you reconcile those for us? It would appear to me that there is a definite noncompliance, yet the operator would appear to have been writing to you annually to tell you that they are compliant. I do not understand the anomaly there.

Ms Munro: Well, I think this is going to a matter of statutory interpretation which might be slightly beyond my reach here, but I will have a go. The test that we are applying is not whether at a particular moment in time there may be an instance of noncompliance but whether the permissions, such as the planning consent, are in place. So when we say the minister has not made a determination whether or not it was noncompliant, the question there was whether or not an action would be taken to remove the planning consent because of noncompliance. If they did, indeed, the power station would then not be compliant with our act and we would cease to issue permits. Indeed, presumably, in any case, their operations would need to be suspended. So while the question is open, it is open. That is this confusion about what noncompliance means. It is the absence of the positive, but it is not necessarily the affirmation of the negative, if I can put it in those terms.

Senator BACK: The second of your dot points under section 8 says:

Applicants should provide the following types of information—conditions of approval, proof of compliance.

I would have thought you would have great difficulty in accepting any document for the last three years from an applicant who cannot in fact prove their compliance as evidenced from a letter from a minister telling them about their additional noncompliances. Time does not permit. I will put further questions on notice. I am not yet satisfied that as the regulator you should in fact accept that undertaking of compliance from that operator because they clearly are not compliant, as evidenced by the questions asked and your own answers in February and in November.

Ms Munro: Well, I appreciate the point that you are making. I have to say that I do not agree with that particular interpretation. Certainly, if you have those questions to put to us, we would be more than happy to provide a more detailed response.

Senator MILNE: I would like to go back to the repeal of the regulations, as has just been announced. I understand that under the principal act, auctions are required to be run. Now that the regulation is in to abandon essentially the timing and the processes, under the act are you still not required to run the auctions?

Ms Munro: We are required in a general sense to run auctions under the act, but there is no particular provision in the act for when they should be run. That is why I said earlier that the determination which the minister has revoked is now in its focus because it just specifies the timing of the first three auctions. So with the revocation of the determination, there is nothing there to prevent us holding auctions at a later date should there be a market for those future dated units.

Senator MILNE: So if the clean energy legislation remains in place and the regulations are repealed, where would that leave you in terms of preparation for the floating price period beginning on 1 July 2015?

Ms Munro: Well, that is a matter that we would address at the time. But we are well advanced with our preparations for the current cycle. What we did was suspend any further work for two reasons: firstly, because, as the minister said, we did not feel it was a good use of public resources at the current time; and, secondly, because those preparations which would go to auctions of a particular kind on a particular date and communicating with the markets were really unnecessary. But we are in a position where we can reinvigorate those processes and reinstate the arrangements that we have with our service provider should that be required. It just needs a certain time, but a relatively short period of time, to recommence that process. That is why although we are now in February, we did not have to take steps to commence the auctions for this current financial year. So, in short, we would be able to recommence with a short window of advance notice, if you like.

Senator MILNE: So will you be changing your operations or continuing preparations for the auctions under the previous regulation on the high probability that the repealing regulation will be disallowed?

Senator Cormann: I will interpose here. That is really a hypothetical question. How do you know what the high probability or low probability is? I do not know that an officer from the Clean Energy Regulator can really answer a hypothetical question on something that may or may not occur. The government has taken action. The action is there for all to see. Obviously if a determination is made by the minister, the determination is made under the relevant act and it is valid. If other things happen down the track, obviously that will be a matter to deal with at that point in time. I do not think that an officer from the Clean Energy Regulator or the department can pre-empt what the parliament may or may not do. I am not sure that your assumption about what you think is a high probability is necessarily right. I think it is common practice that officers are not put in a position where they have to answer hypothetical questions in relation to what the parliament may or may not do.

Senator MILNE: Except that, Minister, the whole premise that there is no value in these auctions is on a hypothetical of what the parliament may or may not do. This whole discussion is about you proposing that there is going to be no carbon price and everybody else being told to act on it when the law says there is one and you have an obligation to run the auctions and you are trying to anticipate the outcome of the Western Australian election, for example.

Senator Cormann: Senator Milne, I do not accept that. The evidence that was given by the Clean Energy Regulator before was that right now there is no evidence that there is a market for these sorts of auctions. In the circumstances, it would be quite wasteful to proceed with an auction at this time. Obviously, the government has introduced legislation which is part of the government's program. Everybody knows what the government's intentions are. But to proceed with an auction at a time when there is no market for it does not seem to make a lot of sense. As was put to you, while the act prescribes that auctions have to take place, it is not specific on when these auctions should take place. In our view, for as long as the particular act is in place, the actions of the government are entirely consistent with that.

Senator MILNE: I will ask the chair of the Clean Energy Regulator whether this proposal to repeal the regulation came from you to the minister or the other way around.

Ms Munro: Senator, I think the word that the secretary used was 'deliberative'. We would not normally disclose that. However, I should emphasise that, from our point of view, we deal with this as a matter of practicality. As a matter of practicality, we do not believe that there is currently a market for future dated units. Although we are equipped to conduct auctions, it does not seem particularly prudent to embark on that at this point in time. That is not to say that that might not change in the future.

Senator MILNE: I am taking from you are saying that that was your advice to the minister?

Senator Cormann: I think the evidence that was provided is that the deliberative processes of government are not disclosed in this forum. Again, in an abundance of helpfulness, I will take on notice and check with the minister whether he wants to add any further information to what has been provided so far.

Senator MILNE: I want to swap to another subject, and that is the Hazelwood fires in the mine in Victoria at the moment. I understand that GDF owns the mine. Can you tell me whether the greenhouse gas emissions from the mine will be added to GDF's liability under the clean energy legislation?

Ms Munro: I might refer that question to Mr Carter, who has those details on the relevant determination.

Mr Carter: I would have to take that on notice. As far as I am aware, the determination does not have in it methodologies for estimating fires that might result at a facility of that nature. I will take that question on notice.

Senator MILNE: Can you indicate whether the emissions from the Hazelwood mine site will be included in the national greenhouse inventory? Take that on notice too. Under what category would it be classed? What are you going to do about a methodology in relation to that? I will leave that on notice with you.

Mr Carter: Yes. Some of those questions would be best addressed to the department, but we will sort that out.

Dr Kennedy: We will take the questions about the effect on the inventory and your question about the classification of mine fires as well.

Senator MILNE: Thank you. I want to come back to the revenue from the carbon price. I understand that \$4.07 billion has gone into consolidated revenue from the first financial year of the carbon price. Can you tell me how many companies have not paid and how much is outstanding? Which ones are they?

Ms Munro: Yes, I can. I might ask Mr Carter to address that from the point of view of the shortfall charges.

Mr Carter: In terms of the total amount of shortfalls for 2012-13, there is an amount of \$33 million in unit shortfall charges. It is the total. I would caveat that by indicating that where we have shortfall charges that occurred at the provisional period or, indeed, that were not paid recently, there is a penalty interest that accrues against that. So the number does change. In terms of the compliance rate, I think it is important to acknowledge that 100 per cent of liability entities did report their emissions and that 99.6 per cent of liability was acquitted. So from our perspective, liability entities have responded extremely well to the mechanism in meeting their obligations. In terms of the number of entities in that situation, we have six liable entities that incurred a provisional unit shortfall charge. Four of them have outstanding debts. We had a further 14 liable entities that were issued an estimation shortfall charge as a result of reporting an estimate for the provisional payment point. We have had four of them that are still outstanding. Two of them were the same as at the provisional period, so we have a total of six entities that have outstanding payments from that period.

Senator MILNE: And who are they?

Mr Carter: Penrice Soda Products Pty Ltd, Queensland Nickel, Midwest Vanadium, the Redbank Project Pty Limited and two Gujarat companies.

CHAIR: Thank you, Senator Milne. I am sorry that time has expired. Thank you, ladies and gentlemen. Thank you, Ms Munro. I now call officers for the department in relation to program 7.2, adapting to climate change.

Senator PRATT: Is the department aware of the number of local councils, particularly in New South Wales, that are removing regulations in development plans that prevent people from building houses near the coast which places homes at risk of rising sea levels?

Dr Kennedy: We are aware of that issue in the broad. I will ask Ms Jensen to update you on what we know in detail.

Ms Jensen: The department is aware that some states have recently made changes with regard to the state level benchmarks for sea level rise. For example, in December, the Queensland government announced a series of changes to its coastal planning policies. They resulted in the removal of a mandatory statewide sea level rise benchmark. New South Wales also made changes to its benchmarks. So this really means that local governments have more discretion and flexibility around making decisions in relation to the context that they work in. The Commonwealth's main role in this area, given that state and territory governments are responsible for statutory land use planning frameworks and local governments are to be responsible for enacting and putting those frameworks into action, is to provide information that will help state and local governments manage climate risks in their decision making. I can give you some examples of that work that we are doing if you desire it.

Senator PRATT: I would like that. I guess the question is: are the decisions of those local councils and state governments consistent with the information about risk that you are providing?

Ms Jensen: Well, again, our role is really not to provide an opinion here on those state level decisions. I can tell you about the Commonwealth's programs and policies in this area that supports the information provision that informs those decisions at the local level.

Senator PRATT: I can understand that you cannot dictate to the states what the policies should be. For example, do you know what the IPCC predictions on sea level rises are? Are you providing information to the states that is consistent with that?

Ms Jensen: Well, with regard to the IPCC projections, as you may be aware, in September last year, the IPCC released its fifth assessment report within a group 1 relation to climate science. It did update its projections for sea level rise. There were a range of scenarios. The lowest bound of those scenario projections suggested that the global average sea level could rise by between 28 centimetres and 60 centimetres by 2100. The top end of those

projections had a very top end, depending on the highest emissions projections, of up to one metre of average global sea level rise.

Senator PRATT: In terms of changes to policies made by state governments and New South Wales councils—I appreciate that there can be local elements to this—to what extent are they inside or outside those potential sea level rises?

Ms Jensen: Senator, I am here to provide you information on the Commonwealth's policies and programs. I am happy to provide information on that. But I am—

Senator PRATT: Look, I can understand you provide that information to the council and the community. What you are actually saying is that it is of no consequence whether councils make decisions inside or outside that advice.

Ms Jensen: No. I am simply pointing out that this is a matter for state governments determining what is appropriate in their jurisdictions. I am very happy to inform you of the Commonwealth programs that provide an information base to inform action at that level.

Senator PRATT: So the Commonwealth provides information about the likely sea level rises? It provides it to state and local governments. It can provide reliable advice. It is then clearly up to the states and the local government as to whether they listen to that advice. Is that what you are saying?

Ms Jensen: Well, I can just elaborate more on the Commonwealth's roles. There are really two areas. The first is in providing information. For example, the department has developed OzCoasts, a base sea level rise visualisation tool which assists decision making. Geoscience Australia houses that tool. It is effectively used by local governments. The department is managing the delivery of new climate projections, which will include regional sea level rise projected and updated with the latest IPCC information. That will be available later this year for local decision-makers. Then the natural resources management planning for climate change program, which the department funds, is providing practical information for natural resource management planners on how to manage the impacts of climate change, including sea level rise. The second area really is around practical guidance. The key policy platform in this area as announced pre-election is the refunding of the National Climate Change Adaptation Research Facility with a particular emphasis on providing practical guidance for local decision-makers, including how to use sea level rise projections in decision making. That was announced by the government late last year. So it is both at that sort of general information provision level in terms of climate projections and then also the tools and guidance on how to use that information in terms of practical, on-the-ground planning.

Dr Kennedy: There has been a fundamental change in the nature of the advice about adaptation probably over a number of years.

Senator PRATT: I understand that.

Dr Kennedy: I will go to that issue of whether we are evaluating the activities of states in detail. The answer is no. We have not done that in the past either. The Commonwealth's role, as Ms Jensen has been outlining, has typically been around coordinating and facilitating the sharing of best practice information and providing information through science bodies, such as CSIRO and the Bureau of Meteorology.

Senator PRATT: I guess it is my concern that there has been a bunch of change of governments, whether it is at the local government or at the state level, where essentially you have climate change deniers in state governments. I understand it is not your problem as to whether they make decisions that are consistent with the advice you provide or not. It does seem that there is a push towards decision making that actually puts people at risk of these sea level rises. That may not really be something you can comment on because all you can do is provide the advice.

Dr Kennedy: I cannot comment on your comment.

Senator PRATT: So the department will continue working with local governments to keep them informed of those risks and to help them to make adaptation plans. That would be consistent with what you said, would it not?

Dr Kennedy: That is right. Ms Jensen outlined some of the programs that will support that, such as NCCARF and other program funding.

Senator PRATT: I will move on to some other adaptation issues. We know that this year we have seen significant heatwaves across south-east Australia. I am interested in knowing the department's awareness of health department statistics related to heat related illness and death.

Ms Jensen: I will ask Ms Jo Mummery to respond to that question, Senator Pratt.

Ms Mummery: Broadly, the department is aware of the general implications of the extreme weather that Australia has experienced in the last few years. Clearly, increasing heat and heatwaves have had a significant impact on human health, particularly in 2009 and 2010. We have actively been informed about the implications of the number of excess deaths, for example, which were reported in the Victorian heatwave in 2009-10. So we are aware of that. Since that time, I think the department, in working closely with both the health and the family services departments, has explored the implications and benefits of an early warning heatwave system. I understand the Bureau of Meteorology now has a role in putting in place and piloting a heatwave early warning system.

Senator PRATT: Is the department aware of a report from the health department which says that heat related death is likely to increase by 500 per cent in some centres in Australia over the next 40 years?

Ms Mummery: I have to admit that I am not aware of that particular report. We have certainly worked closely with ANU and the Centre for Population Health and Epidemiology in understanding how health risks will change over time. I am not aware of any figures which are quite in the ballpark of 500 per cent. The sort of analysis which the ANU has been sharing with us has been likely for an increased risk, particularly in northern Australia, of heat related deaths. I understand it is more in the order of 45 to 100 per cent, which could happen by the end of the century. That is a significantly higher rate than what you would likely see in southern Australia. But I am not aware of figures of that order of magnitude.

Dr Kennedy: We are happy to take it on notice and check back at the department whether other staff are aware of the report.

Senator PRATT: That would be terrific. Thank you. I note that the Prime Minister recently stated that the drought in New South Wales and Queensland is not the result of climate change but is a 10-year event. I will not ask you to reflect specifically on that comment because I know you will not. Does the department have a definition of what is a time constrained event and what is an ongoing event? Is the health department warning of a 40-year event? From an adaptation point of view, how do you deal with the question of the timescale of events?

Dr Kennedy: We have asked Rob Vertessy from the Bureau of Meteorology to appear with us. To go to your question, which might be around events that occur, if you like, within the usual climate variability and events that change over a longer timeframe, perhaps Rob could provide some general comments. I think it goes to the issue that you are asking about. I might add for clarification that the adaptation functions in the department are policy advising functions. The science functions are predominantly coordinating functions across, for example, the Antarctic Division, the Bureau of Meteorology and CSIRO. Much of Australia's contribution to climate science is made particularly by the Bureau of Meteorology. I will pass to Rob.

Dr Vertessy: Thank you, Senator. I am not entirely sure how to answer your question. What I could say is that it is common in climatology for us to be able to specify a return period, or frequency of occurrence, in other words, of a particular temperature level being attained or a particular rainfall amount being attained. So it is fairly routine for us to be able to specify the return period. We have similar statistics for the duration of particular events as well.

Senator PRATT: So from an adaptation point of view, how do you work out whether the drought that is going on in New South Wales and Queensland is an event that is going to require long-term adaptation or is just a 10-year event?

Dr Vertessy: I think what you are wondering there is whether or not that event as it stands now is within the realms of natural variability, say, as observed in the last 100 years or whether it is possibly outside of that envelope. That would be ascribing climate change to it or global warming to it. In the case of the Queensland and New South Wales drought going on at the moment, our current assessment is that it is well within the realms of the natural variability as observed over the last 100 years. It is, however, still a serious event.

Senator PRATT: Will you be working with the health department and local councils to develop heatwave management plans?

Ms Mummery: Senator, we certainly work to coordinate with our fellow Commonwealth agencies, including the department of health. However, it is actually state governments that are responsible for detailed planning with regard to preparation for heatwave events, such as the dissemination of information at the local level. However, through our collaborative arrangements with the states and territories, we certainly share lessons across states on the more effective approaches to that. Some of the overseas evidence has shown that how local level authorities manage these events and provide people with adequate information on what to do as heat events are coming up can have significant positive effects in reducing fatalities. For example, there was some research comparing the

heat events in France and the substantial reductions in fatalities that occurred due to much better health authority advice, including in homes of the elderly, about how to manage the wellbeing of vulnerable groups.

Senator PRATT: Have there been any particular lessons from the recent spate of heatwaves here that have been quite significant that accelerate that mutual learning between the Commonwealth and the states?

Ms Mummery: Well, I would certainly say it is a good topic for research in the future. It is a little too soon right at the minute, given that it is such a recent event, to be clear on what the lessons are. But it is certainly an area that we have been working with state and territory counterparts and with NCCARF on to look at what might be able to be done in terms of making sure we learn the lessons of these recent events.

Senator LUDLAM: I have a few questions in a similar vein on heatwaves. I am not sure whether this is the study that Senator Pratt was referencing. The 2013 *State of Australian cities* report warned that heatwave deaths in Australian cities would double by 2050 but increase fourfold in Brisbane and Perth. Are you familiar with that particular projection or scenario?

Ms Jensen: We are certainly familiar with the *State of Australian cities* report. I cannot recollect the precise figures that you are referring to. I do not have them before me.

Senator LUDLAM: If you are happy to accept that I am not misleading you, they are the basic metrics that they have put to us, which are pretty alarming. You have sort of acknowledged that heat induced deaths are already on the increase in Australian cities. Which agency is primarily responsible for adapting to and mitigating heatwave deaths in Australia? Would that be you?

Ms Jensen: Well, it is similar to my response to Senator Pratt. There is an overall responsibility at the Commonwealth level for working with the states and territories. In fact, often the primary responsibility is down at the local health authorities level in terms of detailed on-the-ground action planning.

Dr de Brouwer: Public health and safety in general, Senator, is the responsibility of the states, not the Commonwealth.

Senator LUDLAM: What about for something peculiar like this? Of course, the *State of Australian cities* report lays this increased projection of the number of deaths at climate change, which is a national responsibility.

Dr de Brouwer: It is still the—

Senator LUDLAM: But you are saying not really?

Dr de Brouwer: No. I did not mean to interrupt. It is still the responsibility of the states. That does not mean that there is not information or techniques for dealing with that that are not useful to share. But the primary responsibility still remains with the states.

Senator LUDLAM: I found that projection extremely alarming. I wonder whether the government had made any response to that particular metric of between a double and fourfold increase in heat deaths in Australian cities. Is there any response as such?

Ms Mummery: I will perhaps reiterate the point made around our role being to deliver key information so that the nature of risk and how it is changing is better understood. The department has been very active in the last three years since the 2009-10 heatwaves to work closely to, in fact, get a national definition of what a heatwave is, which really was not in place before that time.

Senator LUDLAM: So it has happened now?

Ms Mummery: There has been significant work done to get some common definitions to work closely with the Bureau of Meteorology and across the relevant Commonwealth agencies to understand what the nature of the risk is. Clearly, I think there has been engagement with the states and territories about the role of social services and vulnerable populations and how they are identified to make sure that those vulnerable people can be looked after in such extreme circumstances.

Senator LUDLAM: The definitional stuff is useful. I gather that has already occurred. But what about adaptation? Mitigation is outside your remit. Can you point me to anything that the Commonwealth has done to help people, cities or neighbourhoods adapt?

Ms Mummery: I think probably two things are worth mentioning. The first one does go to the information base of it: an early warning system. There has been action taken by the Commonwealth through the bureau to start exploring how an early warning system for heatwaves can be put into place. I think that is a very critical information provision role of the Commonwealth. More broadly, in terms of adaptation, there have been discussions with the department of health and social services on these issues. But actions which need to be taken

generally fall to state governments or local governments in terms of providing services and ensuring that vulnerable people are being looked after.

Senator LUDLAM: I want to put a particular adaptation strategy to you. I am not expecting you to have this at the table. On 20 February, the *West Australian* newspaper tested relative impacts of urban heat island effects. It tested the theory that the variation can be up to four degrees depending on the surrounding, and particularly the amount of tree cover. In suburbs that are more susceptible, the death toll will be higher. The relative rate of illness and impact will be higher. For example, in this piece on 20 February, they found that Mt Lawley was five degrees Celsius hotter than Mt Hawthorn, where tree cover was much better. That same *State of Australian cities* report that I am quoting from proposed increasing the amount of vegetation in the built environment and implementing green infrastructure. Can you point me to anything, apart from what the states and territories might be up to, or any lead that the Commonwealth has taken in response to that recommendation specifically?

Dr Kennedy: It is probably hidden away. We will need to consult with other departments as well. We are happy to take that on notice to see with our colleagues both in infrastructure and industry and in health.

Senator LUDLAM: All right. It is quite cross-portfolio. I am happy if you are able to take that on notice. Can I assume from that, though, that you are not immediately aware of anything within your remit that has been done in response to those proposals?

Dr Kennedy: I am not, Senator. I will just confer with my colleagues. No, Senator. But we will confirm on notice that that is the case.

Senator LUDLAM: I put these questions or a similar line of questioning to infrastructure and regional development last November in budget estimates. They are actually responsible for publishing that report. They had not heard of it either and had not done anything about it. What I am interested in, to cut to the chase, are proposals like that in Perth, such as the Perth greenways project, which is about deliberately increasing urban tree cover to reduce that urban heat island effect. As you would be aware, that has a range of benefits. I commend to you the Perth greenways study. I certainly look forward to anything that you are able to uncover as to whether these things are under active consideration.

Dr de Brouwer: I might observe, Senator, that the government does have a 20 million trees program. That also includes urban and periurban trees as well.

Senator LUDLAM: Who is responsible for that specifically?

Dr de Brouwer: That is in the environment department, and they will be appearing, Senator, this evening.

Senator LUDLAM: I may be elsewhere, but maybe I could pitch an on notice question to those officers if they are watching the internal broadcast. Is there under consideration a systematic process of cooling the heat island effect using native vegetation in particular? I will leave it there. Thanks for your time.

Senator RUSTON: I have one question. I want to go back to some questions asked by Senator Pratt regarding the guidance and standards for climate adaptation. She had concerns about whether the standards were being lost or robustly dealt with. The climate change adaptation research facility has just been refunded. Would I be wrong in assuming that one of the key roles of that facility is to inform and provide that sort of guidance?

Dr Kennedy: You would be correct. You would not be wrong.

Senator RUSTON: So I am right on both accounts?

Dr Kennedy: The government has continued funding for NCCARF, which has been going for many years now, of \$9 million over the next three years. It announced that as part of the election. The precise implementation of the program will be considered through the budget, which Rob will obviously have a key role in. But it does provide that information to local governments. That, in fact, is its focus—to take what can be quite complex scientific information and an array of information that our scientists are providing and provide it in a useable way for policymakers at the state and local levels to apply in their own policy considerations. So it is a key function. The government has indicated an interest in NCCARF's focus on that type of activity actually increasing in the future—playing that brokering role, if you like.

Senator RUSTON: Thank you very much.

CHAIR: I did say to Senator Waters that I thought we would fill up until afternoon tea and then go to Senator Waters afterwards. But she is not here now, so I think we should perhaps break now for afternoon tea.

Senator Cormann: Does this mean that we have finished this part?

CHAIR: No. We will continue with 7.2. I thought we would fill the time up until 3.30 pm. It is not fair to Senator Waters if we cut 7.2 out now.

Senator Cormann: Sure.

CHAIR: You know how much of a fair man I am, Minister.

Senator Cormann: You are always very fair.

CHAIR: We will take a short break.

Proceedings suspended from 3.19 to 3.42 pm

Senator WATERS: Has the funding that the National Climate Change Adaptation Research Facility was waiting on now been provided?

Ms Jensen: Senator, the government announced pre-election that the funding would commence from 1 July this year.

Senator WATERS: Is it still \$3 million a year for three years?

Ms Jensen: That certainly has been the commitment, yes—\$3 million per year and \$9 million over three years.

Senator WATERS: So it has not started yet? It is due to start in July?

Ms Jensen: On 1 July. However, the facility, which had a program of \$47 million starting in 2008, was terminated in June 2013. However, Griffith University, which hosts the facility, has been able to get some bridging support from its partner universities. So the facility is able to continue until this government refinances the facility from 1 July.

Senator WATERS: Could you confirm that I have the figures right. It had \$47 million and now it is getting \$3 million?

Ms Jensen: Yes. It is \$48 million over five years in its first phase. So it was established in 2008.

Senator WATERS: And it is now going to get \$3 million over three years?

Ms Jensen: And it is now going to have \$9 million over three years.

Senator WATERS: Nine million dollars over three years.

CHAIR: I might come in there. So in June last year, the previous government decided to cut it back. Is that what you are saying?

Ms Jensen: That is correct.

CHAIR: Thank you. I just wanted to clarify that.

Senator WATERS: Can you say that again?

Ms Jensen: It was just a clarification that funding was terminated by the previous government at the end of June 2013. So this is a refunding of the facility from 1 July 2014.

Senator WATERS: A refunding, but at a significantly reduced rate.

CHAIR: You were in government.

Senator WATERS: I wish I were in government, Chair, but I have never been in government. Maybe one day.

CHAIR: You had a signed agreement with the last government.

Senator WATERS: I want the officer to respond to it.

Ms Jensen: The new phase is going to have a different focus. So while the earlier phase established a capability in research, the new phase will take that research result and translate it into practical guidance and decision making, particularly for local governments, which is really the appropriate place for it to be, given that that is going to inform practical action on the ground. So this is entirely doable within that funding envelope.

Senator WATERS: Good. Let us hope that the Commission of Audit does not attack that funding promise. That is all I have, Chair. Thank you.

[15:46]

CHAIR: We will now call officers of the Supervising Scientist Division.

Senator RUSTON: I have some questions about the Alligator Rivers Regional Technical Committee. Could you explain its role? What does it do? What is it supposed to achieve?

Mr McAllister: The Alligator Rivers Regional Technical Committee is a committee of seven independent scientists who essentially oversight the research undertaken into impacts of the environment in the Alligator Rivers region with specific relation to the uranium mining activities in the region. They essentially oversight the

research that both ourselves and the mining company undertake and give an independent view of that and report directly to the minister with that independent view.

Senator RUSTON: In terms of their independence, are they absolutely free to be able to report however they like whatever they like free of encumbrance so we can be really assured that they would not be restricted in any way in terms of the advice that they were giving back either to the public or to the government?

Mr McAllister: Yes, they are.

Senator RUSTON: The chair, Mr Barry, has advised that he is confident that the current level of chemical, biological and radiological monitoring in the environment surrounding the mine is appropriate and is based on the best available science. The results of continuous monitoring by your division continue to indicate that there has been no impact on the offsite environment, including the Kakadu National Park, as a result of the Ranger uranium mine leach tank failure in December. Is that your understanding?

Mr McAllister: That is my understanding, yes.

CHAIR: We will wait a minute or two. If Senator Ludlam is not here, we will call it.

Senator WATERS: We are 25 minutes ahead of time.

CHAIR: But what are we going to do if we are running early? Sit around and twiddle our thumbs?

Senator WATERS: That is fine. I am just saying the reason he is late is that we are running 25 minutes early.

CHAIR: His office should be notified that we are running early. That is what I faced in opposition—that they page us. Your office notifies that you are running early.

Senator LUDLAM: Apologies to the committee. I was just trying to be in two places at once. Mr McAllister, I had the understanding that you were joining us by video conference. Fifteen minutes is a short time to travel such a long way. What happened?

Mr McAllister: We had some other business to do in town so we thought it was probably better we come, given some of the recent incidents.

CHAIR: Kill two birds with one stone?

Senator LUDLAM: Indeed. It is always better to see you face to face. Do you want to provide us an update? You would be aware that I am principally interested in the spill that happened at Ranger late last year.

Mr McAllister: Yes.

Senator LUDLAM: Do you have some sort of prepared statement or some info that you just want to advise the committee on?

Mr McAllister: Nothing prepared, no. I am open to questions.

Senator LUDLAM: Okay. Can you tell us about what just happened up there and how that investigation is proceeding and your visibility of it.

Mr McAllister: As you would be aware, on 7 December leach tank No. 1 failed and subsequently split, with the contents spilling out into the plant area. We were advised of issues on site at approximately 6.20 in the morning. We had staff out on site within a few hours to investigate the extent of the spill. They provided advice back shortly after and then me, Mr Keith Tayler and our radiation expert were out on site the next morning doing our own follow-up investigations. Subsequent to that, we kicked off our own independent investigation into our mandated area, which is the impacts on the environment and determining whether there were any impacts to the environment. The other players include the Department of Mines and Energy in the Northern Territory government, Northern Territory WorkSafe and the department of industries, all who have a regulatory role to play. They individually have kicked off their own investigations. Subsequently, because of the four groups undertaking investigations, we created a taskforce to oversee the various investigations to make sure that they were running concurrent with each other. In addition to those four parties, we also included the Gundjeihmi Aboriginal Corporation and the Northern Land Council as representatives of the traditional owners on that taskforce.

Senator LUDLAM: Are they on the taskforce?

Mr McAllister: Yes.

Senator LUDLAM: So the membership is composed of the four agencies that you mentioned before—yourselves, Gundjeihmi, and who was the final one?

Mr McAllister: The Northern Land Council.

Senator LUDLAM: Who convenes it?

Mr McAllister: It is currently convened by the Northern Territory Department of Mines and Energy.

Senator LUDLAM: So that is the composition. How many times has the taskforce met?

Mr McAllister: I would say approximately five. We have a meeting tomorrow.

Senator LUDLAM: You have a meeting tomorrow. Do they occur in Darwin, Jabiru or where else?

Mr McAllister: Wherever appropriate. Usually people have to phone in to attend.

Senator LUDLAM: Electronic means. How many times has the taskforce met so far?

Mr McAllister: I would say five.

Senator LUDLAM: Five times. Is there an independent expert who has been appointed as lead investigator? There have been some press reports along those lines.

Mr McAllister: Yes. As part of the process, the department of industries have sought an independent investigator to undertake an investigation into not only the mode of the leach tank failure but the current status of the plant as well as any governance issues around ongoing maintenance for the plant.

Senator LUDLAM: What do you know about other leach tanks on the site? How many are there, and what condition are they in? How confident are you that we might not see a repeat of this event?

Mr McAllister: There are seven leach tanks on site. The leach tank that failed was leach tank No. 1. The remaining six tanks are, I believe, structurally sound. They have been emptied of their contents and are currently part of the investigation.

Senator LUDLAM: That is part of it, okay. Needless to say, the mine has not resumed production up there yet?

Mr McAllister: No.

Senator LUDLAM: Do you have any idea when they are proposing to restart the mill?

Mr McAllister: No.

Senator LUDLAM: Days, weeks, months, or really no idea?

Mr McAllister: Look, I would not hazard a guess at this point, sorry.

Senator BIRMINGHAM: And it would still be dependent upon the approval of the minister for industry?

Mr McAllister: Yes.

Senator LUDLAM: The Commonwealth minister or the territory?

Mr McAllister: Yes.

Senator LUDLAM: So there is actually a hold on restarting of the mill until the Commonwealth approves?

Mr McAllister: Until they are satisfied that they can recommence operations.

Senator LUDLAM: Can you just describe for us the work program of the taskforce?

Mr McAllister: Essentially, the taskforce, as I have said, oversees the investigations that are underway. We provide a report back individually on our own investigations during the taskforce meetings. Collectively, they make decisions about the ongoing investigations, including feeding into the independent investigation, where required.

Senator LUDLAM: Can you just describe for us the role of the OSS specifically with relation to that taskforce?

Mr McAllister: Our role on the taskforce is to feed into the process of the independent investigation. Our specific role in terms of investigation is into our mandated area, which is to determine the impacts to the external environment. So we come to the table with information regarding our activities. Anything that we can feed into any other investigations that are ongoing, we will at that point.

Senator LUDLAM: Recognising that this is afoot now, is there anything you can tell us about external impacts? Firstly, how do you define external? What have you discovered thus far?

Mr McAllister: External is the external environment outside the mine site area. None of our monitoring to date indicates an impact outside of the mine site area.

Senator LUDLAM: Did you step up or increase preliminary monitoring after the accident, or did the company, I should say?

Mr McAllister: We have continuous monitoring in place in the creeks, which is ongoing. In addition, we undertook additional downstream ecotox monitoring to ensure that we were covering off on the biological side.

We have also undertaken various activities on site in relation to our investigation, which includes sampling both surface and ground waters as well as radiological measurements throughout the site.

Senator LUDLAM: What were you able to discover about groundwater impacts directly beneath the impact area, whether or not they have left the perimeter of the site? What about water bodies directly below the site?

Mr McAllister: At this point in time, what we have done is engage Geoscience Australia to assist us with the independent investigation. So at this point in time, I cannot provide any further information on that specific issue.

Senator LUDLAM: Does the leach tank failure have any implications for the proposed 3 Deeps underground mine?

Mr McAllister: I think you would probably have to ask the EACD that.

Senator LUDLAM: Ask?

Mr McAllister: The Environmental Assessment and Compliance Division. At this point in time, I could not comment as we do not have the results of the investigation. So the impact on Ranger 3 Deeps is—

Senator LUDLAM: They might be a little later in the program. That is all right. In a statement to the stock market on 30 January this year, ERA said that it would allocate \$1.3 million to the remaining clean-up, decommissioning and investigation costs. Given that your work is not complete and it appears to be open-ended—you do not know when it will be complete and when the mine may be restarting—do you have any idea on what basis ERA can make that claim?

Mr McAllister: I am not privy to why they made that claim or under what circumstances, so no.

Senator LUDLAM: The investigation, I guess, is part of the work. What is the status of clean-up specifically of the material that leaked?

Mr McAllister: The material on the surface is defined in three zones named E, B and C. I might pass to Keith if he wants to provide some detail on this.

Mr Tayler: The three zones were, I guess, arbitrarily designated as the areas that the company cleaned up in that order. Zone 3 is the only zone that remains to be cleared, which was the zone immediately around the failed structure, where it was unsafe to enter.

Senator LUDLAM: You are working outside in?

Mr Tayler: Yes. So within probably one or two days of the incident, the great majority of the material had been removed from the roadways and the surrounding areas. We attended the site and cleared each of those two zones. We took water samples and other things to make sure that the clean-up had been effective. I believe we will be clearing the final zone shortly.

Senator LUDLAM: I do not know if you have this information at the table or whether you want to take it on notice and table it for us. Do you have estimates of how much material was spilt into each of the three zones by volume or mass?

Mr Tayler: The total amount of material that spilt would be in the order of 1.3 megalitres. It would be very difficult to estimate exactly what quantity went to any particular area. ERA began their clean-up immediately. By the time that we had officers on site, quite a bit of material had already been picked up and moved to a safe area. So to quantify specifically how much ended up in each area is difficult.

Senator LUDLAM: That is interesting. It is not possible even to provide a rough estimate, if we do not hold you to the individual megalitre? You understand why that is a fairly important concern?

Mr McAllister: Certainly we understand the total aerial extent of the spill. The depths across site of that spill then equate to how much volume remained in those areas. That is the difficulty. In places, it was between one centimetre and five centimetres deep, for instance. So it is hard to quantify exactly, even roughly.

Senator LUDLAM: In their statement of 19 December last year, ERA said that slurry was removed from outside the exclusion zone. Had that occurred before your staff got there?

Mr Tayler: I am not sure what you refer to as the exclusion zone. ERA did commence clean-up works almost immediately the incident occurred. The incident occurred, obviously, in the middle of the night.

Senator LUDLAM: Yes.

Mr Tayler: So we were not on site until about 11 am the next morning. By that time, clean-up works were well and truly underway.

Senator LUDLAM: Okay. So you do not know how much material spilled outside the bunded area, for example? Maybe if we can work from the outside in, as it sounds as though the clean-up crews were doing. Did any material at all leave the mine site laterally?

Mr Tayler: No.

Senator LUDLAM: The mine is composed of various areas that can contain radiological materials and those that cannot. Did any spill outside areas where the sort of material would be prohibited from going?

Mr Tayler: You are referring to what they call the controlled areas?

Senator LUDLAM: Maybe that is what they mean by exclusion area.

Mr Tayler: Certainly, yes. Some went on the roadways and some of the hard stand areas around, but none of it left the plant area of the mine site.

Senator LUDLAM: Any way of estimating how much got into the controlled area?

Mr McAllister: Into the controlled area or outside of it?

Senator LUDLAM: Sorry, outside. I beg your pardon.

Mr McAllister: Again, from our observations, a certain proportion remained within the bunded structure of the leach tanks. Part of our ongoing investigation is determining exactly the proportion that remained inside and, therefore, the proportion that remained outside. We have an estimation of exactly how much was in the tank. Keith has alluded to that—1.3 megalitres. We would assume at a worst case that the majority of that spilt outside the bunded area. But that will be part of our investigation.

Senator LUDLAM: Towards the end, okay. Where has the cleaned up material gone? Where has it been taken?

Mr Tayler: Pit No. 1.

Senator LUDLAM: It has been put into pit 1. Did it need to be diluted or treated in any way, or was it just dumped?

Mr Tayler: No. It was just placed in the pit.

Senator LUDLAM: Would I need to speak to ARPANSA to establish elevated radiation doses that any of the workforce might have accrued in having to clean this material up?

Mr McAllister: I do not believe ARPANSA would have those figures at this point in time. We certainly have followed up with our radiation staff the radiation readings undertaken by ERA. We have no reason to believe they are incorrect. They indicate that the radiation doses in the area are no different to what would be expected from that part of the plant.

Senator LUDLAM: Even though more than a million litres of radioactive slurry has been dumped in there?

Mr McAllister: Correct. The slurry itself is a combination of the ground ore plus acid, so that area itself is one of the more active areas in the mine site anyway, given the dust issue with the grinding of ore. So essentially the only additive at that point in time is acid.

Senator LUDLAM: Okay. But also the material was uncontained and slushing around all over the place?

Mr McAllister: On the ground. The material remains on the ground. But the radiation readings that we undertook on site on the Sunday indicated to us that it was no different to what you would expect.

Senator LUDLAM: That is interesting. Will that data all be produced when you produce your final report?

Mr McAllister: Our data and ERA's data will be part of our report, yes.

Senator LUDLAM: It might pre-empt my next question. Is ERA supplying all the radiation dose measurements, or are you undertaking your own independent monitoring?

Mr McAllister: We have undertaken our own independents. We are also getting ERA's data, yes.

Senator LUDLAM: So what can you tell us about the cause of the spill? Does that have any implications for the integrity of the other leach tanks?

Mr McAllister: At this point, I cannot comment on the cause of the spill. ERA certainly have their own views. That will be part of the independent investigation.

Senator LUDLAM: Finally, on this one, has any information been shared within the remit of your office, obviously, and Rio Tinto's Rossing mine regarding failed leach tanks, clean-up and prevention, given that they had a very similar accident—in fact, an identical accident, as far as I could tell—at the Rossing uranium mine?

Mr McAllister: I am aware that Rossing did have an issue with their leach tanks.

Senator LUDLAM: One exploded.

Mr McAllister: I am unaware of whether or not ERA have been talking to Rossing about that. They are part of the same larger company—Rio Tinto.

Senator LUDLAM: Sorry, I do not ask you to speak for them. Have you shared any information with people on the ground or regulators in Namibia?

Mr McAllister: No.

Senator LUDLAM: Of other matters at Ranger, are you aware of any incident in the R3D decline in recent weeks?

Mr McAllister: I am not aware of any incident in the R3 Deeps decline.

Senator LUDLAM: I do not know whether Senator Birmingham is going to shut me down if I put a rumour to you. There have been rumours of a tunnel collapse or a tunnel partial collapse on the decline into 3 Deeps on or around 11 February. Is that not ringing a bell at all?

Mr McAllister: What is ringing a bell is that ERA have encountered what they would call poor ground conditions. I do not believe they have had any collapse per se. We have been advised that ERA are looking to realign their tunnel to remain outside of those poor ground conditions, but I am unaware of any failure.

Senator LUDLAM: And you would expect to be informed?

Mr McAllister: I would expect to be informed, yes.

Senator LUDLAM: I will wrap up here. I find it a little odd that it is completely open-ended that you have no idea when there will be a final report. Is that a bit peculiar? Should I read anything into that?

Mr McAllister: Are you talking about our report or the independent investigation?

Senator LUDLAM: Well, both. I guess your inputs into it and then the independent investigation.

Mr McAllister: We are expecting information back from Geoscience probably in the order of April. We will be looking to finish up our report shortly after that. Our release of the report will be also dependent on the release of the other reports so as not to pre-empt any actions that may occur.

Senator LUDLAM: Is it your understanding that they will be put into the public domain?

Mr McAllister: Ours certainly will be, yes.

Senator LUDLAM: And the department's?

Mr McAllister: It is part of Industry. You will probably have to talk to them about the release of that report.

Senator LUDLAM: This is a very open and transparent government, so I have high hopes. I have two other very brief questions. If we are short of time, I am happy to have these taken on notice. There was an incident on 3 November involving unauthorised vehicle movement; a potentially contaminated truck that left the mine nearly threw a hole in the fence. You were assisting the NT mines department. Any report or update on the status of that investigation?

Mr Tayler: Yes. We have completed our report into that. We have provided that report to the members of the mine site technical committee. The findings of that report in essence were that the vehicle in question, which was a Hilux utility, was uncontaminated and that the two persons in question took that vehicle off the site in deliberate contravention of company policies and procedures. They knew that they were doing an inappropriate thing. They sought to avoid detention by taking that vehicle off site in the middle of the night by a circuitous route. They were detected by security and the vehicle was returned to site. We provided some minor recommendations to the company around slight changes to their induction process and other procedural matters. In essence, it came down to the deliberate actions of two individuals who chose to contravene company procedure.

Senator LUDLAM: Would you be aware whether any disciplinary action has been taken, or is that not in your remit?

Mr Tayler: We were advised that disciplinary action against those two was.

Senator LUDLAM: Thanks. This is my final question. It is still in relation to vehicle issues. On 20 February, there were extensive media reports concerning the movement of inadequately secured uranium drums for a laboratory in Perth back to the Ranger mine site. Does OSS have any visibility of that or have you made any independent assessment of that incident?

Mr McAllister: We have not made any independent assessment. My understanding is that they were being transported in accordance with the act and there was no issue to answer.

Mr Tayler: It is also important to note that they were not uranium drums. They were exploration samples.

Senator LUDLAM: Samples of ore?

Mr Tayler: Not all of them. They were actually being taken away or returned to the site from rock strength testing. The majority of the samples were not actually mineralised.

Senator LUDLAM: Some of them were, by the sounds of it.

Mr Tayler: There was some very low grade radioactivity in those, but they were transported in accordance with the requirements.

Senator Birmingham: The final point to note is that they were transported in accordance with requirements.

Senator LUDLAM: So the media reports that I am referring to on and around 20 February have incorrectly implied or reported that those drums were inadequately secured?

Mr McAllister: If that is what they were reporting, then yes.

Senator LUDLAM: Yes.

Senator Birmingham: The stories I have seen, compared with the information that I have received when asked for it, would indicate that they were inaccurate reports.

Senator LUDLAM: Thanks, Senator. Lastly—

CHAIR: When is this final question?

Senator LUDLAM: I am asking about four final questions.

CHAIR: This will be the final one, thank you.

Senator LUDLAM: This is the last final question. You put a clarification or correction, I guess, to the last time we met which was around mineralised ore that had been taken out of the 3 Deeps decline and stockpiled somewhere, so thanks for correcting the record. Does that 300 tonnes, I think it was, then go into the mill? Is it legal to process that ore, or does it just sit there until the decline works have concluded?

Mr McAllister: Yes. Until ERA get approval to go ahead with Ranger 3 Deeps, they have to stockpile it separately and not process it.

Senator LUDLAM: All right.

CHAIR: This is your last question.

Senator LUDLAM: I really am pushing my luck now.

CHAIR: This is your last question.

Senator LUDLAM: Is work still continuing in that underground area by the company, or has that ceased, as far as you are aware?

Mr McAllister: No. It continues. The exploration decline continues. They are almost up to the end of phase 1, which is two kilometres long. They will start phase 2, which involves a vent rise and some workings to take them closer to the ore body.

Senator LUDLAM: The Chair has been very patient. I will leave it there. Thanks for your time.

CHAIR: Thank you, Mr McAllister and Mr Tayler. I now call the Director of National Parks.

[4.12 pm]

Director of National Parks

CHAIR: Welcome, Ms Barnes. Would you like to make an opening statement?

Ms Barnes: Thank you very much, Senator. I am the new Director of National Parks for the Commonwealth government. I started in my role on Wednesday, 12 February, following in the footsteps of Peter Cochrane, who had been in the role for 14 years and who is a well-established and respected leader. So I have some very big shoes to fill. I have come from the New South Wales government. I was the chief executive of the Office of Environment and Heritage. As part of that role, I had responsibility for managing New South Wales national parks. Before that role, I was the head of the National Parks and Wildlife Service in New South Wales. So it is an exciting time to come to the Commonwealth. Peter was in the role for 14 years. Obviously the Director of National Parks role does not come up very often. I was very keen to throw my hat into the ring and very pleased to be selected for the position.

CHAIR: Congratulations. Thanks, Ms Barnes.

Ms Barnes: Thank you.

Senator Birmingham: We warmly welcome Ms Barnes and thank Mr Cochrane. It sounds like Ms Barnes is intending to be in the role for a long time as well.

Ms Barnes: I think I was told 14 years would be just nice.

CHAIR: We will go to questions.

Senator RUSTON: Certainly congratulations on your appointment to the role.

Ms Barnes: Thank you.

Senator RUSTON: Am I right in suggesting that you are one of the key players in securing the International Union for Conservation of Nature's world congress that is to be hosted in Sydney in November?

Ms Barnes: Certainly I was part of a team with the Commonwealth government to secure, first of all, the World Parks Congress coming to Australia. Then I was definitely part of a team that was plugging for it to go to New South Wales at the time. My minister, Robyn Parker, was very keen for it to come to New South Wales. There are great links in New South Wales between conservation, tourism and commercial activities. She saw it as a great way of bringing the world to Sydney both from an expertise perspective but also from a visitor perspective.

Senator RUSTON: So things are progressing well?

Ms Barnes: Yes. In fact, I started my role exactly nine months to the day that World Parks Congress starts, which I think is quite a fortuitous gestation period. But there has been lots of work up to now. We are into the final preparations. I think you might have been briefed on the program previously. Because it is a world congress, there was a lot of effort put into making sure the world felt it was their congress and not just Australia's or the IUCN's. So there are eight streams of discussions at the World Parks Congress and there are different stream leaders from across the world and different organisations leading those streams, including the World Bank and other organisations. So the stream leaders are due to come together at the end of March in Mexico to finalise the streams for the program. We have finalised the site tours, and they are on the website now.

Senator RUSTON: I hope they are not all in New South Wales.

Ms Barnes: No. I work for the Commonwealth now. They are around Australia. They are from Western Australia, Tasmania, the Northern Territory.

Senator RUSTON: And South Australia.

Ms Barnes: Yes, South Australia, yes, absolutely. They are already on the website getting people interested and getting them keen. There is a mixture of government park agencies and commercial tour operators running those tours. It is fantastic.

Senator RUSTON: You are talking about a world congress. Do we have any indications so far of the likely number of countries that will participate? Have we got an indication of the numbers of people we are hoping to get?

Ms Barnes: Well, we are hoping for 3,000 plus. The number of countries, I think, is hundreds.

Mr Taylor: So far we have registrations around the 500 mark. Approximately 36 countries are represented so far. Obviously, we hope for a lot more.

Senator RUSTON: That is great. Thank you. With regard to Indigenous employment at Uluru, you can obviously defer to your colleague if we are asking you questions you cannot answer.

Ms Barnes: I went to Uluru last week.

Senator RUSTON: I am sure you have all the answers. Last December, there was a report on the ABC that the former member of the board of management of Uluru said that only a small number of rangers at the park are Indigenous. Could you give us an update on how many rangers are employed at Uluru and how many of those rangers are actually of an Indigenous background.

Ms Barnes: I think there are a number of Indigenous people working on park. Whether they are all classified as rangers or not would be the question. Across the permanent workforce, about 40 per cent of ongoing positions are Indigenous. But attached to that are the community rangers, which are not fully fledged rangers. They are community members that come and work on park. I think there are another 57 of them. So there are lots of Indigenous people from community working on country. That said, there is still more work we can do to get more people on to country, both elders and young people, as Indigenous rangers. I think it is also worth mentioning that as well as having rangers working for us, the opportunity is there for Indigenous people on tourism businesses and commercial businesses both from a tourism perspective or contracting to the park. That is what we are trying to

encourage as well. You need to look at the whole mix of direct employment, contractors working for us plus Indigenous enterprises. So we are developing those three streams at the moment.

Senator RUSTON: You do not have to answer now, but I would be interested even in a bit of an outline of the type of programs that are in place to try to encourage Indigenous employment. It is obviously something that is a very strong focus of the current government, so I would be interested to know.

Ms Barnes: Absolutely. And definitely we are looking at what more we can do because it is such a strong focus.

Senator Birmingham: Senator, it is something that Ms Barnes and I discussed at our first meeting. We are very eager to make sure, be it in direct employment or engagement opportunities that national parks provide or in opportunities for Indigenous business and employment in businesses operating on the parks of local Indigenous people, that we do embrace those and really drive that as a key priority of the national parks portfolio.

Senator RUSTON: That is great. Thank you. Before I hand back, I want to touch on the Christmas Island commercial fishing area. What are the regulations in relation to commercial fishing within that actual park?

Ms Barnes: I will have to get some advice on that. I will ask Dr Judy West.

Ms West: There are two commercial fishing leases only. They are for deep water fishing. The only part that is marine waters around the island that is national park is 50 metres out from the coast.

Senator RUSTON: So of the two commercial licences that are currently in existence, given that they are deep water fishing licences, one would suggest that they are not impacting on the specific park area?

Ms West: Absolutely. They can traverse. Obviously they might have to come into port. They can traverse it but they cannot fish in that area.

Senator RUSTON: So there is no problem with a boat going across the national park or actually on the waters of it as long as they do not undertake any fishing activities?

Ms West: Yes.

Senator Birmingham: A new management plan for the Christmas Island national park was signed off just in the last couple of weeks and does, I think, have express provisions to make it clear that they are allowed to traverse through the national park. But obviously their fishing licence pertains to an area outside of the national park.

Senator RUSTON: Okay. That is great. That is all I need.

Senator PRATT: I am not sure if it belongs here or in outcomes later today. It concerns the review into the bioregional marine planning process and the national parks attached to that.

Ms Barnes: My understanding is that would come in the other section.

Senator PRATT: That is fine, then.

CHAIR: Thank you very much for your attendance here for this first time. No doubt we will see you again some time. That was short, sharp and sweet.

[16:21]

CHAIR: I now call officers from the department in relation to program 5.1, Conservation of Australia's heritage and environment.

Senator MILNE: I want to ask about the proposed boundary modification for the Tasmanian wilderness World Heritage area. Who particularly sought the review of the 2013 extension?

Ms Rankin: That was an election commitment that the government had announced during the period before last year's election. We were just following through and implementing that.

Senator MILNE: On your website, you say that the government considers that areas that you propose to be reduced detract from the overall outstanding universal value of the property and diminish its overall integrity. Are you saying that only the areas that diminish the outstanding universal value will be removed or are proposed to be removed?

Ms Rankin: Senator, a range of factors were considered in proposing the minor boundary modification, including areas where we had looked at the values included in the extension last year identified through aerial photography and other data that the department had access to. Those areas clearly had some evidence of disturbance and past logging. Based on that, there was an assessment undertaken of how you would propose a rational zonal approach to removing those areas so that you ended up still with a sensible management boundary

but you retained the connectivity between the extension areas and national parks that had existed prior to the extension and that we retained as much of the habitat for threatened species and very tall trees as possible.

Senator MILNE: I note on your website you also say that 65 registered giant trees remain within the proposed boundary. How many are going to be taken out?

Mr Routh: I believe that there is one registered giant tree that is in the area that is proposed for removal through the minor boundary modification.

Senator MILNE: What is the justification for that?

Mr Routh: I think, following from what Alex Rankin was saying, it is a matter of where it fell in terms of what you would use as a rational boundary. I assume that it would have been an area that was somewhat removed from the pre-existing boundary.

Senator MILNE: Who outside the department was consulted about this review?

Ms Rankin: We consulted with the department of agriculture to find out what data they had access to. We also sought information from the Tasmanian government. But, beyond that, the review was largely informed by information that the department already had access to through the work that had been undertaken prior to developing the extension last year.

Senator MILNE: So the department of agriculture and, of course, forestry within that, I am assuming?

Ms Rankin: Yes.

Senator MILNE: And the Tasmanian government. No organisations such as Forestry Tasmania or the Forest Industries Association of Tasmania or any of those consulted?

Ms Rankin: Sorry, Forestry Tasmania I meant as part of the Tasmanian government, yes.

Dr Dripps: What Ms Rankin is saying is that we did not consult specifically with Forestry Tasmania but we did request some information from the Tasmanian government.

Senator MILNE: In terms of the specific map of the area proposed for delisting, there is no map up there at the moment that includes the GPS coordinates, so how is anyone to know what the exact boundaries are you are proposing? Will you put the map up with those details on it?

Ms Rankin: Senator, the standard practice is that we would not put up GPS coordinates for any maps that have been sent to the World Heritage committee prior to it considering the request from the state party and after it has made a decision. That has been standard practice for all nominations and proposals put to the World Heritage committee over recent years, because they can sometimes change depending on what the World Heritage committee might actually decide. So we would normally put up the really detailed GPS based mapping after a final decision has been made by the World Heritage committee.

Senator MILNE: So how do you propose that the community can comment on it prior to that?

Ms Rankin: Senator, the information on the website is the information that is available. There is not really a process at the moment for comment on the proposed boundary change.

Senator MILNE: So in terms of the department's review, did that result in a recommendation to the minister that the areas should be delisted?

Ms Rankin: We provided information to the minister in relation to the values and areas that he had sought advice on and that were consistent with the government's election commitment. Ultimately, it was a decision for the minister in government about what they put forward.

Senator MILNE: So did the actual review by the department come up with any recommendations? Have they been made public in any way? Are you saying there were no recommendations?

Senator Birmingham: The department provided advice to the minister commensurate with the government's election commitment to review the boundaries.

Senator MILNE: Yes. That is true, but I am asking whether they made any recommendations in relation to that.

Senator Birmingham: You can obviously see that the department provided advice that has informed the application that has been made for a redraw of the boundaries.

Senator MILNE: There has been an announcement from the minister's office. There has been a review. No-one has actually seen the recommendations of the department to the minister and, quite clearly, we are not going to, given what you have just said. Article 5 of the World Heritage convention requires state parties to rehabilitate

World Heritage areas. What steps had you taken to start rehabilitating land within the World Heritage area that was identified as having been degraded at the time it was listed?

Ms Rankin: We would probably have to pass that question on to our colleagues from biodiversity conservation division because that falls under the arrangements for the Tasmanian forestry agreement implementation.

Senator MILNE: Have you set up an interdepartmental committee to progress this boundary adjustment? Does it involve the department of foreign affairs? Have you had any meetings? How many meetings have taken place?

Ms Rankin: We have not formally set up an interdepartmental committee meeting, but we have certainly had discussions to advise the Department of Foreign Affairs and Trade, and the Department of Prime Minister and Cabinet, about what the government's decision was in our discussions and proposals that went to the World Heritage Centre.

Senator MILNE: How many of those meetings have you had?

Ms Rankin: I would have to take that on notice.

Senator MILNE: That would be very useful. Has that department begun work on identifying and collating the Aboriginal cultural values of the expanded World Heritage area as it currently stands, as per the ICOMOS addendum to the World Heritage Committee decision last year?

Dr Dripps: No, we have not started that work yet.

Senator MILNE: Is there a reason for that?

Dr Dripps: At this stage, the allocation of funding to that work has not yet been finalised and so the work has not been able to start.

Senator MILNE: Has any money being given to the Tasmanian government to start the rehabilitation works on degraded forest areas?

Dr Dripps: Ms Howlett has just joined us at the table and she is able to outline those activities for you.

Ms Howlett: \$1.5 million was provided to the Tasmanian government last financial year, 2012-13, to support the Tasmanian government in upgrading its World Heritage management plan, which is the plan for the overall property. We would expect that some of that work around identifying areas for restoration would be identified through the management plan.

Senator MILNE: Given that these areas were included in the boundary adjustment last year, when Australia argued these areas were of upstanding universal value and that these areas would be able to be restored, can you explain to me what basis you would say they now do not contribute to the outstanding universal value of the site?

Senator Birmingham: It is important to remember in this discussion that, of the 170,000 hectares added last year, around 100,000 hectares—even with this application—remain untouched, contributing to the some 1.4 million hectares that are part of the World Heritage area. So there is a very significant commitment from the government to make sure that the World Heritage listing is significant and of high value and that we provide the type of rehabilitation over time that the officials were just discussing.

Senator MILNE: With respect, that is a load of rubbish. This whole area was the forested area of the eastern boundary, which has been fought over for 30 years. A huge amount of the remaining World Heritage area is mountains, button grass plains et cetera. We are talking about the forested area that was included last year, that you are seeking to take out to be logged. The rest of it is not relevant to this discussion. The issue of rehabilitation—

Senator Birmingham: They are areas much of which, I understand, have previously been logged.

Senator MILNE: And was included and understood to be included, when it was nominated last year and accepted by the World Heritage Committee, as areas that would be restored.

Senator Birmingham: Obviously our government went to the last election with a very transparent policy that we were going to review those boundaries. It received plenty of coverage in Tasmania. You did plenty of interviews on it and the Labor Party made plenty of noise around it, I am sure, as well, and ultimately we took the three seats in Tasmania. So it would seem as if there was not the same level of concern in Tasmania that you seem to be expressing right now.

Senator MILNE: We will see about that. The issue here is more particularly that the nomination that went in last year argued that this area should be included, because it enhanced the outstanding universal value of the site. The International Union for Conservation of Nature had asked that these forests be included. They were included

with the areas that had been degraded, in the nomination last year. I am asking: what is the logic now, that you are going to use, to take it out?

Senator Birmingham: The current government made it clear, prior to the election, that we disagreed with aspects of that nomination. We are supporting the majority of what was included though.

Senator PRATT: Of the 74,000 hectares identified for delisting, how many have been previously logged, how many of the original 170,000-hectare extension have been logged and what are these figures in percentage terms? You might need to take the percentages question on notice, but do you have a general view of the 74,000 hectares that are being delisted?

Ms Rankin: We will need to take that on notice.

Senator PRATT: So you did not know, of that 74,000, even roughly what proportion has been logged previously?

Ms Rankin: We will have to take the question on notice

Senator Birmingham: And for completeness, ensure that other economic activities, like quarrying or minerals exploration, is added to that information.

Senator PRATT: In the original nomination for the boundary extension, what criteria were deemed to be met by the extension area, including those areas previously logged?

Mr Routh: The values related to tall forests, in particular. There are also some areas of cast, which are limestone caves. I think they were the two pre-eminent values that were identified last year.

Dr Dripps: We can take on notice to match those with World Heritage criteria for listing, and we would also draw to your attention, Senator, that of course these values are not present uniformly across the entire site. Some of the values are concentrated in particular areas, so when a property is listed on the World Heritage List it is listed for a range of values—four, five, three—across the entire site, but that does not mean that those values exist in every single area.

Senator PRATT: If these previously logged areas of the extension were accepted by the World Heritage Committee as meeting the criteria of the listing, do they now not meet the same criteria?

Ms Rankin: Ultimately that will be a decision for the Heritage committee.

Senator Birmingham: The World Heritage Committee, and others at the table are obviously more familiar with their processes than I am, received an application for 170,000 hectares last year, which was assessed. We are now seeking to revise that. They will consider this revision on its merits. My understanding is that, upon consideration of some of the satellite mapping, no fewer than 117 areas have been identified as being disturbed or of variable condition within the area that we are talking about. The exact detail of that will be contained in the question that Ms Rankin took on notice before.

Senator PRATT: Surely the department has put forward a view on this matter. What evidence, for example, of degradation has been put forward to the World Heritage Committee?

Dr Dripps: In seeking a minor boundary modification, the World Heritage Committee can take in a range of factors, including the existence of values and the existence of threats or other socioeconomic issues that relate to the property. As the parliamentary secretary has indicated, there are a range of views about this extension which are being put, in the contrary, in the recommendation that has been put by the Australian government to the World Heritage Committee this year.

Senator PRATT: So the evidence that has been presented to the committee has changed.

Ms Rankin: The evidence has not changed but the government has a different view about whether those areas detract from the overall integrity and values of the World Heritage property, and that it is better to have them excluded from the property than included because of the issues around disturbance to the area's potential to weeds and pests to be introduced to the World Heritage area.

Senator PRATT: Is the government arguing now that the criteria is not met?

Ms Rankin: The government is arguing that those areas detract from the overall values of the World Heritage area.

Senator PRATT: What evidence is there of degradation and how are you presenting that information to the World Heritage Committee?

Dr Dripps: As Ms Rankin identified, in answering the first question that was asked in this block, the department has undertaken an analysis of the extension area. We have used visual photography, and other

information that the department had available, to draw a boundary that matches with the intentions of the government in delivering on this election commitment.

Senator PRATT: Has the government used photos from Senator Colbeck to support its decision to delist thousands of hectares in Tasmanians forests, and have these photos been submitted to the World Heritage Committee?

Dr Dripps: As I indicated, the department used the most authoritative aerial photography that we had available on a broad scale across the entire area of the extension.

Senator PRATT: So Senator Colbeck is not the source of those photos?

Dr Dripps: The department maintains a GIS unit in the Environmental Resources Information Network that undertakes mapping and analytical work for us, including for this task.

Senator PRATT: Okay, so the answer is no.

Dr Dripps: Yes, the answer is no.

Senator Birmingham: I have no doubt Senator Colbeck's photos are excellent, Senator Pratt. I would be happy for you to share them with the entire committee. I have not seen them. They have not been used by the department.

Senator PRATT: Have Senator Colbeck's photos been formally provided as part of this process?

Senator Birmingham: The department reviews a range of different materials on all of the policy matters that we are working on. So, in the same way that we viewed the Wilderness Society's photos we have also viewed Senator Colbeck's photos.

Senator PRATT: I ask that Senator Colbeck's photos be provided as a question on notice.

Dr Dripps: We can provide you with a link to his website.

Senator Birmingham: Maybe we could bring a PowerPoint display in and screen Senator Colbeck's photos!

Senator PRATT: Can I ask whether parties to the delisting were consulted? Were parties to the Tasmanian Forest Agreement consulted on the delisting? Were industry groups that were not party to the TFA consulted? If so, when?

Dr Dripps: We have responded already in terms of the parties that were consulted in preparing the materials for the World Heritage Committee. I have no doubt that the government consulted intensively with a range of different parties in formulating the election commitment.

Senator PRATT: It would appear that the government is trying to put forward some kind of rationale for this proposed delisting. Can you outline exactly what the government is intending to do with the excess land that has been delisted?

Senator Birmingham: What the government is intending to do with the land?

Senator PRATT: Yes.

Senator Birmingham: I stand to be correct but I do not believe we own the land so—

Senator PRATT: If you are taking it out then you might be thinking of making it available for something else.

Senator Birmingham: If it is not listed as world heritage obviously the land will be subject to other conditions of Tasmanian law and consideration and it will be a matter for the owners, regulators and approvers, and the Tasmanian government. Indeed, it will be subject to consideration under the EPBC Act, where relevant.

Senator PRATT: So, perhaps there are other plans.

Senator URQUHART: In the answer to your previous question you indicated, I think, industry groups that are not party to the TFA. Were they consulted? I was just not sure of what—

Dr Dripps: What I said was about the preparation of the dossier for the World Heritage Committee. We have given evidence on that just a couple of minutes ago. In addition to that we did not take any further consultation. I said that I believed that the government would have undertaken consultation with a range of different stakeholders in Tasmania in advance of formulating the election commitment.

Senator URQUHART: Are you talking about the Tasmanian government or the federal government?

Dr Dripps: I was talking about the federal government.

Senator Birmingham: I think what Dr Dripps is indicating, as was made very clear, was that this was an election commitment—we were very transparent about it—and the relevant Tasmanian members and senators and

candidates as well as the relevant shadow ministers undertook their consultation pre-election, when we were the opposition.

Senator PRATT: Can I ask for an update on the progress of the community consultations for the listing of Cape York as a world heritage area?

Mr Routh: There are a number of projects that were previously funded that are still ongoing, which we are hoping will come to a conclusion this financial year. There was some funding provided to traditional owner groups.

Senator PRATT: That is right. Can you give me an update on that.

Mr Routh: I could take on notice the exact details of where, the funding amounts and where those are up to.

Senator PRATT: Has the minister met with traditional owners to discuss the listing since the election? If so, which groups and when?

Ms Rankin: I would have to take on notice the specific details. I know he has had some conversations about the issue while he has been talking to Indigenous groups on the cape on a range of other matters, including the dugong and turtle election commitment. This issue has come up, but I am not sure if he has had specific consultations on it.

Senator PRATT: The point is that we all know that the listing needs to be progressed with that work having been done by the traditional owners. I want to make sure that the government is not standing behind a lack of progress with them in order to oppose the listing in some way. So I am keen to see how that engagement and consultation to resolve those issues is being progressed.

Senator Birmingham: We will happily take that on notice and advise in terms of the consultation that has occurred.

Senator PRATT: In the State Party Report of 2013 to UNESCO, the government noted that substantial progress had been made on meeting the recommendations of the World Heritage Committee mission. How confident is the department that the World Heritage Committee will not include the Great Barrier Reef World Heritage Area on the List of World Heritage in Danger?

Dr Dripps : Senator, you are asking us to speculate on a decision of a committee that does not meet until June. As we have indicated in the State Party Report, Australia has been delivering against each of the topics and areas of work that we were required to progress, and it is the Australian government's belief that we have made significant progress.

Senator PRATT: So you are not expecting that the committee—

Dr Dripps : I have answered to the extent that I can, Senator.

Senator PRATT: Both the State Party Report and the 2013 Scientific Consensus Statement on land use impacts on the Great Barrier Reef, water quality and ecosystem condition note that climate change also poses a significant threat to water quality in the reef due to increased intensity of extreme weather events. Just how significant are these risks and have they been modelled?

Dr Dripps : We do undertake quite a degree of scientific analysis of the state of the reef. Perhaps later in the evening Dr Reichelt might be able to add to the answer that I am giving just now. We do understand that historical clearing activities that impact on water quality is one of the two major drivers of changes on the reef. It is also very important that we are preparing for the future risk of climate change in terms of increased temperature, ocean acidification and bleaching that may occur from that.

Senator PRATT: You say that is being modelled. What do the models say about the extent of those risks?

Dr Dripps : As I indicated, Dr Reichelt and his colleagues from GBRMPA are the experts in terms of how these things are modelled from a scientific perspective. What we can advise you on here is our understanding of where things have got to presently, and that is that the water quality impacts on the reef are in the process of being managed through a range of investment programs, that those investment programs are showing encouraging signs and that the future impact of climate change is an area of concern in the management of the reef.

Senator PRATT: So, as part of the department that has to deal with the reef's World Heritage status, you have to consider the work of the Great Barrier Reef Marine Park Authority as to what significant risks emerge.

Dr Dripps : Yes, we do.

Senator Birmingham: And other agencies as relevant, including the Queensland government. It is why we are still very eager to make sure that a strong case is presented.

Senator PRATT: What is the economic contribution of the tourism sector associated with the Great Barrier Reef World Heritage Area in terms of jobs and export earnings?

Dr Dripps : If I can recall correctly, I believe it is about \$5.7 billion per year.

Dr de Brouwer: The GBRMPA has that information.

Senator PRATT: This is probably outside your remit, but what is the economic contribution of coal exports from ports in the Great Barrier Reef and how does that compare to tourism?

Dr Dripps : I will take that question on notice. However, I can indicate from discussions with the Queensland government as recently as last week that it is higher than the contribution of the tourism industry.

Senator PRATT: How much do both of these industries contribute to the economy in terms of taxes and royalties? And what is the likely life span of both the coal and the tourism industries?

Dr Dripps : We will have to take all of those questions on notice.

Dr de Brouwer: Some of those questions are probably better directed at the Department of Industry. We are not well placed to make a long-term call about the nature of tourism or the coal industry in Australia. That is not really our remit.

Senator Birmingham: Dr Dripps has taken on notice that if there is information relevant and if the department has it then it can be provided. It is likely, of course, to be information that is being provided by others, because this is a new Department of the Environment; it is not an economic modelling agency. It simply would have—

Senator PRATT: Yes, but nevertheless, as regulators and custodians, you have to balance out the environmental and the economic, which is why you clearly have access to at least some of this information.

Senator Birmingham: And obviously what is available and relevant to the questions you have asked will be provided.

Senator PRATT: Okay. I have two last questions. There has been a great deal of mining development in the Galilee Basin in recent years. We know this has coincided with construction and expansions of ports and that coalmining operations must have a limited life span. Can you tell the committee what that life span is and how it compares to the expected health of the reef over the same period? Will the reef continue to deteriorate over the lifetime of the mines, and how will it look at the end of that period?

Dr Dripps: As the secretary has indicated, information about the life span of mines is beyond the scope of the portfolio generally, but we will take on notice answering that question for the specific approved projects that have been approved under the EPBC Act. In terms of your questions about the future trajectory of the health of the reef, I suggest they are best asked of Dr Reichelt.

Senator Birmingham: I am not sure from the tone of your question whether you are suggesting that approvals which have come with very strict conditions should not have been given. A number of the, of course, were given under the government of which you were a member. There are obviously a range of assessments that have been made over that time and only a number made in the short time we have been in the chair.

Senator PRATT: Yes, and some approvals that were not made under the previous government.

Senator Birmingham: So do you oppose those?

Senator PRATT: Lastly, can you update the committee—

Senator Birmingham: Do you oppose those?

Senator PRATT: No, we were waiting for information. Can you update the committee on progress on the strategic assessment report? The consultation period closed on 31 January, so when can we expect to see that report?

Dr Dripps: If you indulge me, I can bring the relevant officers to the table. They are not actually working within this output. They are in output 5.2, but they are here.

CHAIR: Can we leave that to outcome 5.2?

Senator Birmingham: I guess it depends on if there are any other questions in 5.1.

Senator PRATT: I do not have any further questions.

CHAIR: Do you want to raise that question with outcome 5.2 when we get to it next?

Senator PRATT: If it can be answered now, we might as well quickly do it now, because I have no further questions.

CHAIR: We will ask questions in 5.2 instead of bringing them up for one question and then taking them away. Senator Ruston.

Senator RUSTON: I seek clarification about some of the programs and projects you are working on at the moment. Can you give us an update with regard to the government's heritage strategy, its development, how it is progressing and when you are expecting it to be completed?

Mr Routh: Following the minister's announcement of the relaunch of the heritage strategy in November last year, the department has been working on that. We have undertaken some information consultations with peak groups, and the intention is that that will be launched as a draft strategy by the minister in Heritage Week in April.

Senator RUSTON: Okay. Can you give us an update on progress in planning the new community heritage grants program? How is that progressing?

Mr Routh: The government commitments are for a \$1.4 million program starting in the next financial year and in the subsequent two financial years after that. That includes a couple of elements. There is a \$50,000 per annum provision to the Australian Heritage Council. There is \$80,000 per annum to the Federation of Australian Historical Societies. The remainder of that amount is to go to community heritage grants.

Senator RUSTON: Is this funding in addition to existing heritage funding?

Ms Rankin: Yes it is. It is being considered as part of the budget process.

Senator RUSTON: We have obviously had some funding allocated to the penitentiary at Port Arthur. How is that progressing?

Mr Routh: That is a \$1.5 million amount as part of the government's election commitment, and that again is part of the budget process, so that would be available in the coming financial year.

Senator RUSTON: Finally, during the election, much was said about the Green Army. I just wonder what opportunities there might be within the heritage sector for the Green Army to be assisting in some of the projects?

Dr de Brouwer: We will come back to that one later tonight.

Senator RUSTON: Fine. I am happy to leave it there.

Senator WATERS: In relation to the Great Barrier Reef, the World Heritage Committee, as one of the other senators has already canvassed, is scheduled to make their decision in June. Could you please advise how many staff in the department are dedicated to lobbying the World Heritage Committee and what is the non-staff budget allocated to that activity?

Dr Dripps: I cannot answer the question directly for this financial year because those decisions have not yet been taken, but what we could do is report to you on the size of the delegation in previous years.

Senator WATERS: I am particularly interested in the size of the current delegation and the activities that are already underway. How many staff have already been sent over there to have those discussions?

Dr Dripps: There are both the ordinary discussions, which the department undertakes with UNESCO and the World Heritage Committee, and discussions specifically related to the reef property. It is very difficult to separate the strands of each activity from each other because the staff who are involved usually work on all of those issues. In terms of the usual attendance at things, the department usually sends staff to the World Heritage Committee meeting itself. The department usually sends, depending on whether or not we are a committee member, about six staff to that meeting. We attend the general assembly of states parties of UNESCO, as we did this year. We sent two staff to that meeting. Because we recently completed the strategic assessment there was a technical workshop on the strategic assessment, which involved staff from GBRMPA, staff from the Queensland government and staff from the Commonwealth agency.

Senator WATERS: So far, have trips been made that have incurred expenditure with a view to addressing the World Heritage Committee's concerns in person?

Dr Dripps: Those meetings that I have indicated were overseas meetings and we can take on notice to provide the details of those meetings.

Senator WATERS: Just to make sure that I have got your figures right, you sent six to the one meeting?

Dr Dripps: The technical workshop was undertaken in Switzerland and France, and so there were four staff—one from the Queensland government, one from the GBRMPA and two from the department—involved in those meetings.

Senator WATERS: Are there any other officials from other departments who are attending those negotiations/preparatory meetings?

Dr Dripps: The Australian government does maintain an ambassador to UNESCO, George Mina. Part of his role is as ambassador to UNESCO and part is as deputy head of mission in Paris. He does attend a number of different meetings in Europe on a range of different topics relating to UNESCO, including this one.

Senator WATERS: Are any DFAT officials attending as part of the delegation?

Dr Dripps: The ambassador is from DFAT.

Senator WATERS: He is the only person?

Dr Dripps: As I said, the delegation for this year has not yet been finalised.

Senator WATERS: In relation to the strategic assessment, when is that going to be submitted to UNESCO and when will that be made public?

Dr Dripps: As I indicated, the strategic assessment does belong to outcome 5.2, but I can quickly answer the question. It is anticipated that the work of the strategic assessment will be finalised in quarter 2 or quarter 3 of this year and submitted to the Minister for the Environment for consideration after that.

Senator WATERS: Have you advised the World Heritage Committee of the current government's plans to put state governments, not parties to the World Heritage convention, in charge of those World Heritage obligations under the EPBC Act?

Dr Dripps: The scope of the government's commitment around streamlining environmental regulation was included in the state party report that was submitted this year.

Senator WATERS: You made specific reference to the fact that approvals would then be governed by state governments in future?

Dr Dripps: I believe so. I have not got the text in front of me. We can check, but I am pretty sure that we did.

Senator WATERS: Okay, thank you. Moving very quickly to Cape York, I have similar questions to those which have already been raised. It is unclear to me whether the process has been mothballed or what process is now being undertaken. Can you please outline the nature of the process very briefly, particularly whether any actual correspondence to traditional owners, especially those who are doing country based planning, has been sent.

Senator Birmingham: I was going to give a little extra info at the end which hopefully will address the questions that Senator Pratt had and save them needing to be taken on notice. There is, as I understand it, a process underway where some \$3 million in funding has been made available to around 20 traditional owner World Heritage consultation projects. Some of those projects are complete, although not all. They are expected to be finalised somewhere around the middle of this year. Obviously that work will then inform the further consultations that will take place. The government are committed to seeing that process through and then having further consultations. We have made it clear that our view is that a nomination needs to be focused on particular areas—the best of the best of Cape York, as such—rather than a blanket listing and that it needs to proceed with community agreement. That is what we will be working on with traditional owners.

Senator WATERS: So you are doing some consultations and then, once you have finished those consultations, that will inform further consultations and then you will consult each other on whether to—

Senator Birmingham: There are 20 traditional owner projects underway so that representative groups and traditional owners can undertake consultation with their communities to make sure that they have appropriate information to put to government. Then our government will consider where we go from there. It has certainly not been mothballed. There is active work happening. It is happening on the ground with the traditional owners. I am sure you would agree, Senator Waters, that having their support and community agreement is critical to any pathway forward.

Senator WATERS: Yes. They are very keen for it to proceed.

Senator LUDLAM: I have a couple of quick questions on Western Australia. It has now been more than two years since the emergency assessment of outstanding values of the Dampier Archipelago and the Burrup Peninsula—or Murujuga, as it has been known for time immemorial—was completed. Can you give us an update as to how the World Heritage nomination of that Burrup rock art province is progressing, please.

Mr Routh: There has been a lot of work with the Murujuga Aboriginal Corporation there.

Senator LUDLAM: Great.

Mr Routh: That is not specifically in relation to World Heritage nomination. The idea—and I think we may have covered this ground at the last estimates—is to be working with Murujuga in particular in order to identify

relevant studies to be done. It may be that in the future they will identify relevant studies that could feed into World Heritage nomination. But at this stage it is not a priority in the process.

Senator LUDLAM: The exchange you are referring to is from last May. On 29 May we received a reply back from you, so thank you for that. It related to the discussions you had had with the Murujuga corporation. But you are waiting for them to identify studies. Is that a little bit odd?

Mr Routh: No. It is an interactive process between Murujuga, ourselves and the two companies that fund activities through conservation agreements, including the rangers in that area.

Senator LUDLAM: When is the archipelago or the province going to be placed on the tentative World Heritage List? What is the best-case scenario, you would say, to have it listed?

Mr Routh: That is entirely a matter for the government in terms of when and whether they want to pursue putting something on to the tentative list.

Senator LUDLAM: But what efforts are you making with the state government? For example, have you identified whether Premier Barnett is supportive of World Heritage listing of the peninsula?

Mr Routh: I am not aware of us having formal discussions with the WA government. That would be down the track. As with any usual procedure to do with World Heritage nomination, you would be seeking the agreement of the state government.

Senator LUDLAM: But it is a bit shy of a year since I raised this. In fact, Senator Siewert has been raising this since long before I got here, and so did others before her. When you say it is 'down the track', are we talking decades down the track? When are we going to see some movement? What are we waiting on?

Mr Routh: I cannot speculate on the timing but in working with the Murujuga Aboriginal Corporation, for instance, there was a several-day meeting in Dampier in October last year that identified a number of priority projects. Those projects have been agreed between the three parties so there is active work underway in terms of the priorities that the community have identified.

Senator LUDLAM: In terms of the values of the area it sounds as though—I do not want to paraphrase you or verbal you—it is incumbent on the Murujuga corporation to take the initiative to get this rolling. Are you waiting on them?

Mr Routh: We are not waiting on them, we are working with them.

Senator LUDLAM: What will it actually take to get a world heritage nomination afoot?

Mr Routh: It would take a range of things—it would include, fundamentally, support from the Murujuga Aboriginal Corporation and the traditional owners. It would also include support from the state government and consultation with other relevant parties.

Senator LUDLAM: Do you believe Murujuga is supportive, or is that still ambiguous to you?

Mr Routh: I cannot speculate on what their position is. I do not think they have publicly stated a position on it.

Senator LUDLAM: That is important information. Thank you. I had an exchange with the Bureau of Meteorology this morning. We were discussing a matter that I think I have raised with you—although it might have been some time ago—around industrial emissions from the gas plants and other industry on the Burrup that has actually been recorded as rainfall events by the Bureau of Meteorology because the pollution is so thick it returns a radar bounce. They have not been able to really shed much light—

Senator Birmingham: They have not completely confirmed that—

Senator LUDLAM: No, I was just saying that they were not able to shed much light this morning. They identified a range of other things that it could also be. What you have said, in your answer of 29 May last year, is: In the meantime, the listed National Heritage values of the Dampier Archipelago will continue to be acknowledged and protected under Commonwealth environment law.

What can you point to to give me, other residents up there, and others with an interest in the area, any comfort at all that the values are being protected from industrial emissions?

Mr Routh: I think that statement is correct. I think, also, that if there was an update to the text from last time it would be our environmental assessment division that would have an update on some information on that in the November estimates.

Senator LUDLAM: That does not help me a great deal.

Mr Routh: It is in the next outcome, is the short answer.

Senator LUDLAM: As in, environmental regulation is the next outcome?

Mr Routh: Yes.

CHAIR: I now call officers from the department who deal with outcome 5.2. Environmental regulation.

[17:08]

Senator URQUHART: I want to go back to a question that Senator Pratt asked in the previous session when we were directed here. Can you update the committee on progress in the strategic assessment report—this is to do with the Great Barrier Reef. The consultation closed on 31 January, so when can we expect to see a final product?

Mr Knudson: I believe Dr Dripps actually did answer that question. It may have been from another senator. If I can recall what Dr Dripps mentioned—and I am sure she will correct me if I get this wrong—we are expecting it to be in quarter 2 or quarter 3 of this year, in that timing, for consideration by the minister.

Senator URQUHART: Can you update us on the progress of the process to delegate Commonwealth approval powers to the states, including who has signed an MOU with the government?

Dr Bacon: The government is taking a staged approach to the implementation of the one-stop-shop reforms. The first step in the reforms is, as you mentioned, to negotiate memoranda of understanding with each state and territory about how the reform will be carried out. The second step of the reform is to do new or updated assessment bilateral agreements with each state or territory. The third stage of the reform is to negotiate approvals bilateral agreements with each state or territory. In terms of where the reform is up to at the moment, in December last year six of the remaining memoranda of understanding with state and territories were signed between the Prime Minister, state premiers and the territory first ministers. Eight MOUs now have been signed with states and territories. In addition, in relation to that second step that I mentioned around assessment bilateral agreements, there has been an updated assessment bilateral agreement completed with the Queensland government. There has been a new assessment bilateral agreement concluded with New South Wales.

Senator URQUHART: Are there any elements of current Commonwealth jurisdiction that are off limits for that delegation to states—things like nuclear and World Heritage? Are they going to be delegated to the states, or are they just off limits?

Dr Bacon: In relation to the scope of the reform and the scope of negotiations, if your question goes to the approvals bilateral agreements themselves, there are areas covered by the EPBC Act that are proposed not to be delegated. Rather than a delegation, it is about an accreditation of state and territory processes. The areas that the government is not proposing to accredit states and territories for are areas where there is essentially no duplication, in that the Commonwealth is the regulator for those areas—for example, for Commonwealth marine areas, for Commonwealth land or for Commonwealth actions.

Senator URQUHART: Do you have a complete list of those areas that the Commonwealth will look after specifically, in that they will not be delegated to the states?

Dr Dripps: Dr Bacon has given you the complete list, Senator: Commonwealth marine and Commonwealth land. Where states can meet the required standards for other matters of national environmental significance, they will be excluded from the scope—with the exception, of course, of large coal mines and coal seam gas for the water trigger that was introduced last year.

Senator URQUHART: Are the MOUs identical?

Dr Bacon: The MOUs are substantially the same, Senator. They do have slight differences, given that the states and territories have different arrangements in place for planning approvals and things like that. So, there are slight differences in recognition of the differences between state and territory systems, but in the main questions of substance, yes, they are essentially the same.

Senator URQUHART: Have you got an example of what a difference would be?

Dr Bacon: All of the MOUs are on our website. They are certainly available for perusal. There is one difference around some of the time frames. Some of the states preferred to have different references to different time frames in place—

Senator URQUHART: That was actually going to be my next question. What is the average time frame for assessment processes in each state?

Dr Bacon: I am not sure that we have that information to hand.

Senator URQUHART: If you need to take it on notice, that is fine.

Dr Bacon: We can check to see if we have the information about the time it might take. Do you mean for state assessment processes, Senator?

Senator URQUHART: Given that the assessment process is going over to the states, the issue is: what are the average time frames for that assessment for each state? Do they differ state by state? Are they different to how they were dealt with previously under the Commonwealth?

Dr Bacon: I imagine there will be a very wide variation because there is a wide variety of a state and territory process that may be eligible for accreditation in the process that we are undertaking. There is a wide variety of projects that state and territory regulators will assess under quite a wide variety of approvals processes. I think it would be quite an intensive exercise to undertake. Essentially we would need to seek that information from states and territories about average time frames for assessments. I think that would be quite a large exercise. But if part of the intention of your question is around how the process might be different in time once state and territory processes are accredited, essentially, in those circumstances where the Commonwealth decision may come after a state approval decision, under an accredited arrangement that delay would be taken away.

Senator URQUHART: I understand that. I am just wondering what the time frame is for each state.

Senator Birmingham: It is important in relation to this reform to appreciate that what we are trying to do is provide the most efficient and effective means for the Commonwealth assessments and approvals to be undertaken. Obviously the state assessments and approvals under their laws already have to occur and will still have to occur and will presumably take as long in the future as they did in the past, unless those individual states pursue certain reforms.

Senator URQUHART: The reason for my question is that, while I understand that there is a wide variety of differentials between the states, are you going to try and achieve a similar standard across the country? There are many proponents who operate in more than one state. Does that mean they are going to have different regulations and different methods for dealing with this process, or are they going to be similar? Are you going to try and get a single standard?

Dr Bacon: Certainly, in relation to the standards that would be applied as part of this process the Prime Minister and the minister have been very clear about the fact that the same high, consistent standards will be applied. The process will be that, when we are working with states and territories to look at the processes that are currently in place within each state and territory and looking at each process for accreditation, we will be taking the same consistent standards that are all derived from the EPBC Act and related Commonwealth legislation and applying those to each state and territory process that we look at.

Senator URQUHART: That would suggest that the time frames would be similar.

Dr Dripps: I am not entirely sure that is correct. Under the present arrangements a proponent needs to get an approval under a state law and an approval under the Commonwealth law. What this reform will deliver is that the state law will be the only law that is in place and the states will meet a standard that is necessary to deliver on the outcomes required by the EPBC Act. You are right in that in each different jurisdiction the process will be slightly different. In terms of the outcomes, though, where we accredit states to administer the EPBC Act for us, the environmental outcomes will be the same.

Senator URQUHART: I want to get clarification. When I asked about whether there are any jurisdictions that are off limits, you talked about marine parks et cetera. But I did ask specifically nuclear and World Heritage. Are they areas that will be off limits or will they still be governed by the Commonwealth?

Dr Bacon: Those areas are within scope.

Senator URQUHART: They are within scope for the states?

Dr Bacon: For the discussions with the states.

Senator URQUHART: For the different states.

Senator Birmingham: Yes, for the states to be accredited if they meet the standards for assessing in accordance with the federal laws.

Senator URQUHART: I get that. I was wondering whether they were exclusive off limits for the delegation of states or whether they were staying under the current Commonwealth. Obviously they are moving to the states under the regulations or whatever is necessary. Is that correct?

Dr Dripps: They are able to be delivered by the states if and when they meet the required standards.

Senator URQUHART: Do you envisage problems for industry with this level of variability? Getting back to the comment that I made about proponents operating across the states and there will be some variances, do you see any issues with that?

Senator Birmingham: Quite the contrary. The whole reform process is about trying to remove a level of application for proponents of projects.

Senator URQUHART: But operating across states?

Senator Birmingham: If you are making an application that requires assessment and approval under federal law, you are going through potentially two different processes, at state level and at federal level and potentially there are three if there are local government implications to be assessed as well. We are looking to ensure that we have the efficiency that we from the Commonwealth level can deliver by accrediting the states, if they meet the relevant standards, to be able to undertake those assessments and approvals at their level. Yes, state laws may differ from state to state, as they historically always have. We will encourage states to make sure that they are as efficient and timely as possible in the assessments, but we want to make sure that when they assess and approve, under federal environmental law, they maintain the highest possible standards as well.

Senator URQUHART: Have you explored any challenges and cross-border implications that that process might throw up?

Senator Birmingham: There would be no greater challenges in future, and there are going to be efficiency savings for business in future, because they are only dealing with one government process in any given jurisdiction.

Senator URQUHART: That was not my question. My question was: have any challenges or—

Senator Birmingham: Have we asked states to rewrite their laws, at this stage? No, we are pursuing our reform as commensurate with our election commitment.

Senator URQUHART: My question was: have you explored the challenges? I am asking the department if they have looked at the challenges and cross-border implications that there may be in the state-approval process. That was the question. It is really a yes or no answer.

Senator Birmingham: There are certainly no greater cross-border implications under this policy proposal than there have been in the past, it is just that there is actually one less jurisdiction—namely, the federal government—for proponents to deal with.

Senator URQUHART: Have you explored if there are challenges or any cross-border implications that there might be?

Senator Birmingham: The department can answer if they have explored what I would suggest are non-existent challenges. You are talking about differences in states that have existed for more than 100 years.

Dr Bacon: We have not uncovered any additional challenges that will arise in relation to that scenario. Indeed, to take an example of a company that might be operating in a particular state, with processes that they presumably operate with on quite a regular basis in the ordinary course of their business, then that company will no longer need to deal with both the WA regulator and the Commonwealth government. They would instead just need to deal with the WA regulator—

Senator URQUHART: Unless that goes over into another state as well.

Dr Bacon: That would be no different to the current scenario, under the current need arrangements; the change would be that the Commonwealth government would not be involved in those other states as well.

Senator Birmingham: It would be quite peculiar for a project application to run across states, in that sense. We are talking about environmental approvals that are relevant to matters of national environmental significance. Perhaps a development that literally crossed a state border somehow might be a single instance, but I am struggling to see examples that would exist under the line of questioning you are pursuing. The officials may know there are a few historically but most applications relate overwhelmingly, I am quite confident, if not exclusively, to actions within one state or territory jurisdiction. Businesses may operate across different jurisdictions but applications are assessed on a case-by-case basis.

Senator URQUHART: So if there is a dispute between states, will the Commonwealth step in?

Dr Bacon: We have been talking with the different states about how this might operate in practice. One of the things we have been discussing with states is the importance of common-sense communication, if there happen to be examples that arise. For example, there might be an indirect impact in another jurisdiction from a project taken in one jurisdiction. In all of the discussions that we have had, with all of the state and territory officials we have spoken to, everyone has been very alive to the question of good communication and a common-sense approach to working cooperatively if any of those scenarios arise.

Senator URQUHART: Right. But, if they could not be resolved, would the Commonwealth then step in?

Dr Bacon: We have not explored that hypothetical scenario of a situation that could not be resolved. I think we think that is unlikely to occur.

Senator URQUHART: Could you provide us with some details on the bilateral assessments.

Dr Bacon: That is the second phase in implementing the reform that I mentioned. We are undertaking a process with states and territories of negotiating either new assessment bilateral agreements or updating existing assessment bilateral agreements as part of implementing this reform. In terms of where we are up to, as I mentioned before, we negotiated an updated assessment bilateral agreement with the Queensland government last year. That was finalised, and we also negotiated a new assessment bilateral agreement with the New South Wales government. In addition, we have gone out for public consultation in relation to an assessment bilateral agreement with the South Australian government; that would be an updated assessment bilateral agreement.

Senator URQUHART: Are you able to provide us with details on those ones—you can take it on notice—that you have already agreed to with Queensland?

Dr Bacon: They are all on our website.

Senator URQUHART: Dr Bacon, at the last Senate estimates you spoke briefly about the assurance framework that was being developed. Has there been any progress on this?

Dr Bacon: We have been working on the design of an assurance framework. Essentially, an assurance framework is the framework and the different elements within the framework that would make sure there are checks and balances in place, to make sure commitments in the agreements with states and territories are met. So we have not finalised the development of that framework yet. We anticipate that it will include a range of different elements—for example, monitoring activity and audit activity. Requirements for transparency running through the bilateral agreements we think will be an important element there. But we have not finalised the work in that regard yet.

Senator URQUHART: What sort of progress has been made?

Dr Bacon: We have been doing a lot of work internally, thinking through the different elements that could have and what that could look like. We have had some early discussions with states about those elements as well.

Senator URQUHART: Do you have a time frame in mind or a process to have that finalised?

Dr Bacon: We are working to progress that as quickly as we can. Ultimately the different elements of the assurance framework will need to be present in the approvals bilateral agreements that we negotiate with state and territory governments, and they will be released in due course for public comment.

Senator URQUHART: It is just that in, I think, November, you talked about that being developed, so really not a great deal has been done in terms of developing that, apart from having discussions?

Dr Bacon: We are still working on those elements and still developing a framework.

Senator URQUHART: You have advised us before about an intention to outpost officers to the states to assist. Can you tell us the number of staff outposted and under what conditions they are there. Are they relocated or are they fly-in fly-out? What are the details?

Dr Bacon: That is correct. The MOUs that were negotiated with states and territories flagged an undertaking for the Commonwealth to consider outposted Commonwealth officers on a transitional basis to support the implementation of the reform. The primary purpose of outposting Commonwealth officers would be to support the implementation of the reforms. We have not yet got to the point of working out the details of which officers and how many officers would be posted in which jurisdictions. We have had discussions with the states and territories about that and we have asked for advice, from their perspective, about what they would find most useful.

We would then need to look at the resources that are available and work through those details at that point.

Senator URQUHART: Do you have a time frame of when you would expect the states and territories to have that information?

Dr Bacon: We do not have a precise time frame, but we would like to start working through implementation issues as soon as possible.

Senator URQUHART: Will that delegation of assessment approvals impact on staffing numbers?

Dr Bacon: Do you mean the accreditation in relation to the approvals bilateral?

Senator URQUHART: Yes, the delegation of assessment approvals.

Dr Bacon: As I said before, we have not yet got to the point of being in a position to know all of the implementation details that will need to be worked out. A large part of the reason for that is that we are still in

negotiations with different states and territories about what state and territory processes will be in scope for accreditation. Until we settle which of the state and territory processes will be in scope for accreditation for the approvals bilaterals, it is really that that will determine the workload implications for the department, and it is at that point that we will be able to say with much more clarity what the precise details are around the workload implications for the department.

Mr Knudson: If I could just add a little bit of a clarification as well. We do have some officers that are already working in state capitals on our behalf with the New South Wales, Queensland and Western Australian governments. Those have been longstanding arrangements—at least well over a year—so we have those already existing. The other thing that we have been doing on individual projects—in particular, with the Queensland government over the last little while following up on the commitments made in the MOU—is putting together joint teams to effectively finalise the condition sets on a couple of projects in recent history. That is trying to get directly to the question of how you build that shared understanding between the jurisdictions. So we have started that work, but I just want to clarify again that it is already existing resources that are out there, and Dr Bacon is absolutely right that there is this ongoing discussion with the individual jurisdictions to figure out what needs to be put in place to supplement that.

Senator URQUHART: I just want to touch on marine parks now. Is this the right area? I have some NOPSEMA ones too, so I do not mind which order I do them in.

Dr Dripps: We will just get the relevant officers up to the table. We did advise you that this was the right place for marine parks earlier.

Senator URQUHART: Ms Rankin, you are marine parks?

Ms Rankin: Yes.

Senator URQUHART: What actions has the department taken to implement the minister's review of marine parks?

Ms Rankin: We provided advice to the government about processes and arrangements for how they could initially implement their election commitment in relation to setting aside the previous management plans and commencing a review. We have been providing advice to the government about scoping out the terms of reference for the reviews, including time frames, the sorts of processes that might need to be undertaken and potential membership of the review panels. Decisions are yet to be made on those items.

Senator URQUHART: What evidence will inform the recommendations of that review?

Ms Musgrave: In essence, it will depend on how they settle the terms of reference for the scientific review itself, in terms of what evidence or information informs the technical side of it. The election commitment also talked about stakeholder advisory panels. So, picking up from those panels, areas of interest, areas of potential contention or further socioeconomic considerations might come to light in addition to those that have previously done. But, in terms of knowing what the specifics of the outcomes of that will be, we do not know yet, and until we have settled the terms of reference it is even harder to get the ballpark of what they may be.

Senator URQUHART: Has the department undertaken any studies on reducing the size of marine parks?

Ms Rankin: No.

Senator URQUHART: You have not?

Ms Rankin: Studies on reducing the size? No, we have not done any explicit study on reducing the size. In the previous exercise there were various proposals that were put out, and they were different in nature to the initial one that was consulted on, the final one that was consulted on and then the one that was actually in the management plan. So there were changes and there was analysis with those different models previously, but we have not done an explicit assessment of reducing.

Senator URQUHART: Were they anything to do with reducing the size of marine parks? The information that you have—

Ms Musgrave: They were not targeted and aimed to reduce; they were in looking at various combinations of meeting the goals and principles that set the government policy at the time about how to define the reserves. They were just variations, really.

Senator URQUHART: Have you undertaken any studies on the impact of continued fishing in marine parks?

Ms Musgrave: No.

Senator URQUHART: You do not have any information on that?

Ms Musgrave: We have not done any explicit studies about what would happen now if you continued to fish in the areas that were previously proposed to be excluded from. If that is the question, the answer is no.

Senator URQUHART: The question is on the impact of continued fishing. Do you have any information—it may not be a study particularly—on the impact of continued fishing within marine parks?

Ms Musgrave: The only information around that in terms of things we did was the regulatory impact statement that had to be done for the previous network. It had to identify in essence the cost benefit of undertaking the creation of the marine reserves, and that did not have a specific quantification about the impact. It had a qualitative assessment that the removal of effort in some areas it would be maintained while in others it would build the resilience of those areas, and so over time there would be a net benefit of the proposal.

Senator URQUHART: I want to talk about the Offshore Petroleum and Greenhouse Gas Storage (Environment) Amendment (2014 Measures No. 1) Regulation 2014. Can you inform the committee of any concerns raised in the feedback of that regarding threatened or migratory species?

Dr Dripps: Those regulations were made by the Department of Industry on behalf of the industry portfolio, so those questions would be better addressed to them. What I can say is that those regulations were specifically developed in collaboration with us for the purpose of accrediting NOPSEMA under the EPBC Act to undertake EPBC assessments.

Senator URQUHART: I will ask about sharks. Are there some shark people in the room?

Dr Dripps: We can do sharks.

Senator URQUHART: That is fantastic. What scrutiny was undertaken on the West Australian government's application for exemption from part 3 of the Environment Protection and Biodiversity Conservation Act 1999?

Dr Bigwood: The West Australian government applied for an exemption under part 3 on 6 January 2014. There was an assessment done at that time as to whether or not it met the requirements for an exemption, and a briefing package was put to the minister that included a statement of reasons and the exemption notice which the minister signed on 10 January.

Senator URQUHART: What sort of scrutiny was undertaken in relation to that application?

Dr Bigwood: We did an analysis of whether or not it met the requirements for an exemption. We collected information in terms of the tourism value of the area—whether or not there had been fatalities and whether there had been an increase in fatalities. That information was provided to the minister as part of the briefing package.

Senator URQUHART: Is the department aware of, or have you advised the Western Australia government on, other attack-mitigation strategies?

Dr Bigwood: No. We have not advised them. We are aware of the other mitigation strategies that Western Australia has as part of its overall mitigation package, but we have not advised them on any particular alternative strategies they might employ.

Mr Knudson: I would add that the minister's statement of reasons does talk about other mitigation options and lists a number of them. It notes that the efficacy of those mitigation efforts, however, has not been substantiated in their operation in large areas. That piece is definitely cited. As well when the minister released the statement of reasons also posted his letter to the Premier of Western Australia. In the letter he noted that there are similar practices in Queensland and also in New South Wales.

Senator SIEWERT: Did you do any assessment of the Queensland drum lines before that?

Dr Dripps: As the officers have indicated, the request in this instance from the Western Australian government was for an exemption under the EPBC Act for the reason of national interest. So the analysis that was done related to that question that they had asked.

Senator SIEWERT: The point, though, is that Mr Knudson just referenced the Queensland drum lines, and my question therefore is: did you measure the effectiveness of the Queensland drum lines or did you just cite the fact that they have them?

Mr Knudson: The minister's letter simply notes that the practices proposed for Western Australia are significantly restricted in comparison to those employed in Queensland.

Senator SIEWERT: Have you assessed that Queensland drum line?

Mr Knudson: As Dr Dripps pointed out, the question that was before us was about an exemption under the act for Western Australia. Therefore, we did our analysis on that proposal.

Senator URQUHART: I understand there have been seven tragic deaths over three years. What level of fatality is required to meet this national interest trigger?

Dr Bigwood: There is no particular number in terms of what is significant and what is not. The issue was the increased number that has occurred over the last three years as compared to the previous period of time. It was obviously a concern for the Western Australian government, which is why they asked for an exemption for this trial period to see what was going to occur and to see the efficacy of the proposal. At the end of that, there will be a review undertaken by the Western Australian government with Commonwealth government input.

Mr Knudson: To supplement that, the statement of reasons talks about the fact that, on average, there was less than one fatality per annum in the mid-1990s up to three strikes each in 2010, 2011 and 2012 and two strikes in 2013.

Senator URQUHART: How many sharks of any breed have been caught—target and non-target species?

Dr Bigwood: We do not get a daily update from Western Australia, so our best information would be the information that Western Australia released last Monday. That information was that 66 sharks had been caught at that point, of which 63 were tiger sharks, two were makos and one was a blacktip.

Senator URQUHART: Do you monitor that or do you just get a regular update?

Dr Bigwood: What do you mean by 'monitor'? We are in regular contact with the Western Australian government about what is happening, but we do not independently have somebody on a vessel monitoring the drum lines alongside the Western Australian government.

Senator URQUHART: Is the department aware of studies showing other non-fatal methods of shark attack mitigation are as or more effective than bait hooks and shooting?

Dr Bigwood: There are a number of other methods of mitigation. There have been a number of studies that show the most effective method of mitigating shark attacks remains drum lines and nets. For example, in Western Australia they are proposing full enclosures on some beaches that will enable beach users to be particularly safe in those areas. But in terms of managing a large-scale area of water activities, all the studies basically show that drum lines and mesh nets remain the most effective method of reducing fatalities.

Senator URQUHART: Did the great white shark recovery plan reviewed last year indicate any recovery on the great white shark population?

Dr Bigwood: There is very limited information on the population of great white sharks. There is a minimum number, which is quoted in the issues paper that accompanied the recovery plan. Because of the very highly migratory nature of the sharks and the fact that they will not visit areas on any regular basis, it is very difficult to determine whether or not there has been a recovery. I do not think there is a good scientific consensus about whether or not any recovery has occurred at all.

Senator URQUHART: Is there evidence that white sharks can be removed from a population of fewer than 700 individuals without any effect on the sustainability of that population?

Dr Bigwood: I do not know where you got the number of 700 from. I do not think there is any evidence that the western population is as low as 700. The minimum number that was quoted in the issues paper was 1,500 Australia-wide. The western population is larger than the eastern population, so there are certainly, at a minimum, substantially more than 700 in the western population. It would depend on what white sharks were caught. If they were all small, juvenile males, then you probably could remove a number of them from the population. If they were large female sharks of breeding age, then catching a significant number of sharks would be an issue for the population.

Senator SIEWERT: I want to follow up on the shark questions. Why didn't you require the WA state government to report more regularly on the number of sharks that have been taken? Have you had any update since last Tuesday, given that the number seems to have significantly increased over the last week?

Dr Bigwood: We talk regularly with the Western Australian authorities. We do not require them to update us on a daily basis, but we do talk to them, so we have a good understanding on, certainly, a weekly basis of approximately the sorts of numbers they are catching.

Senator SIEWERT: How many approximately have been caught to date?

Dr Bigwood: There have been a number, probably five or six, that have been caught since last Tuesday.

Senator SIEWERT: Have they reported that?

Dr Bigwood: Not publicly, but we talk periodically. We talked today, for example, about how they went on the weekend. So it is not like we do not have a regular conversation with Western Australia about where they are up to.

Senator SIEWERT: Wouldn't you think that that information should be reported publicly? Sorry, that is an opinion.

Dr Dripps: The officer has answered the question, thank you.

Senator SIEWERT: Are you aware of what happened over the weekend in the south-west?

Dr Bigwood: I am aware of the reports that have been provided, yes, and the YouTube video.

Senator SIEWERT: Have you seen the YouTube video?

Dr Bigwood: I have seen the YouTube video, yes.

Senator SIEWERT: At what point would the department say that that contravenes the conditions that you have put down for the exemption? What triggers that?

Dr Dripps: As we have indicated, the authorisation that has been given to the Western Australian government is an exemption from the EPBC Act, so that means that the activities are exempt from consideration under the EPBC Act until 30 April. As you are aware, there are a number of species listed under the EPBC Act for which we have direct responsibility. Those are the ones that we are interested in receiving data on.

Senator SIEWERT: I have the exemption in front of me and it says that 'if the terms set out in paragraph 17 in my accompanying letter to Premier Barnett are not met, it will give cause for review and possible revocation of the exemption'. Does that mean that you never intended to monitor the conditions that were put down in that exemption?

Dr Dripps: I do not think that is a reasonable interpretation of what the department has been doing or intended to do when the minister granted this exemption.

Senator SIEWERT: What do I take, then, from the comments that you just made about it not being an assessment process? How should I and the public interpret these conditions and clause 23, which relates to what happens if they do not stick to what they committed to do in para 17, which was about minimising the impact of shark strikes and smaller shark bycatch? How is the community supposed to interpret that? To me, that means you will keep an eye on what is going on and then at least review or revoke the exemption if they breach those conditions.

Mr Knudson: I would point out that section 17 of the statement of reasons that you are referring to does talk about a number of different requirements, including the use of a large hook on baited lines to reduce the chance of small shark bycatch. The size of the hooks and the proposed bait should be used to reduce the targeting of baits of other marine predators such as sea lions.

Senator SIEWERT: That is what my question is about. You have said you have seen the video clips from the weekend. There are others that show how the hooks are damaging the smaller sharks. It is highly likely that even those that have been let go and not died on the hooks are not going to survive. We do not know because it is not being monitored. How are you implementing clause 23 of the exemption?

Dr Dripps: The exemption relates to EPBC listed species, as I understand it. I have been here for most of the day, so I have not had the opportunity of viewing the YouTube footage. As I understand it, the species that have been adversely impacted by this activity are not EPBC listed species.

Senator SIEWERT: That is not what this says.

Senator BIRMINGHAM: I am looking at clause 17, and I have not seen the YouTube video that you are referring to. Are you contending that one of the particular points in clause 17 has been breached?

Senator SIEWERT: The fact that the impact on bycatch is not being minimised. I have to go with what is being reported because the government is not publicly reporting and it was reported over the weekend that 90-odd sharks have now been taken and the vast majority of those are undersized sharks. What constitutes minimising bycatch of small sharks?

Mr Knudson: The question here would be that the exemption was predicated on that use of a certain size hook. All of our information to date indicates that they are using that hook that was noted in providing the exemption.

Senator SIEWERT: The overarching provision says, 'committed to continuing other shark mitigation methods and minimising the environmental impact from the drums'. Going to the hooks, why aren't circle hooks being used? Why did you not require circle hooks to be used like they do in Brazil, for example? They use drum lines to catch and are truly able to release rather than sharks being so damaged by the hooks that they cannot survive?

Dr Dripps: You might need to ask that question to the Western Australian government because their proposition was that they used these large sized hooks because of the belief that they would minimise the impact on bycatch.

Senator SIEWERT: You gave this exemption. Did you not check and say, 'No, instead of doing that, why don't you use one that actually does not damage the shark'?

Dr Bigwood: The exemption is on the basis of what is put in front of us and whether what is put in front of us meets the national interest test. The view was taken that it did meet that national interest test and therefore the exemption was given.

Senator SIEWERT: How do you assess that? You have put in place the provision that the bycatch is to be minimised, what does the national interest have to do with the fact that you could put a condition on that would mean that small sharks would not be damaged?

Dr Bigwood: You do not put conditions on exemptions.

Senator SIEWERT: But you have here. You have put a condition on the exemption.

Dr Dripps: This is not a usual application or environmental impact assessment process. This is an exemption from the EPBC Act with some indications of conditions which are essentially voluntary conditions that are applied on the Western Australian government for the undertaking of this activity. The test in considering whether to give the exemption is whether the activity as claimed and indicated to be undertaken by the Western Australia government is in the national interest and the conditions that were reflected back to the Western Australia government whether undertakings that they had indicated that they intended to make in this activity.

Senator PRATT: No words could be added in regard to the environmental impact?

Dr Dripps: That is how an exemption from the EPBC Act works.

Senator SIEWERT: Why did you include clause 23 in there, 'would be cause for review and possible revocation', if it actually means nothing?

Dr Dripps: We might have to take that as a statement. It is the fourth or fifth time that you have asked the same question.

Senator SIEWERT: That is because you have not answered.

Senator Birmingham: I do not think it means nothing. From what I can take from Dr Dripps's explanation, the Western Australian government gave certain undertakings as part of the exemption process. Those undertakings are reflected in the statement of reasons in the letter from the minister to the Premier. If the Western Australian government is in breach of those undertakings, then clause 23 may come into play. I asked you before if there was a specific breach of those undertakings and I am yet to hear something that goes particularly to the relevant dot points.

Senator SIEWERT: I did actually answer your question. The point is that over 90 sharks have been taken, most of which are undersized sharks, and my question is what is minimising the environmental impact on the undersized sharks when clearly a large number of undersized sharks have been taken?

Senator Birmingham: The undertakings went very much to the process of what was going to be undertaken by the Western Australian government. There is nothing in that statement that suggests they are not meeting that process. It is important though, and often forgotten in this, that this is a very limited time period exemption which applies until 30 April and anything that has to happen in the future will be subject to new consideration and obviously any impacts of the current activities would be part of that new consideration.

Senator SIEWERT: In five weeks, over 90 sharks have actually been caught. So if we go to 30 April, that is potentially a lot of sharks that will be caught. So my question again is what triggers the review if in five weeks upwards of 90 sharks have been taken?

Mr Knudson: I have asked Mr Gaddes to come to the table. He is in charge of our compliance and enforcement area and he can certainly talk through what would trigger section 23 being evoked. That being said, the short answer would be that, as long as the Western Australia government is implementing the action for which they were provided an exemption under the act, they are acting consistently with the exemption. There would be no requirement for any sort of compliance review of the exemption.

Mr Gaddes: What Mr Knudson said was correct and what Dr Dripps said was also correct. The exemption in these circumstances will either be a sea act or protected matters under the EPBC Act. The particular exemption as I understand it is around great white sharks and other listed matters that might be impacted by those hooks. The fact that it has had an impact on other non-listed species would not lead us to revoke that exemption. If the hooks

were leading to a lot of smaller great whites being caught then that may lead to a review of the exemption, because it is a listed matter under the act.

CHAIR: Senator Birmingham, do you have something to table to the committee.

Senator Birmingham: Dr de Brouwer does.

CHAIR: How long will it take you to do it?

Dr de Brouwer: Immediately, it is just tabling the headcount numbers that were asked for earlier on by Senator Urquhart.

Senator SIEWERT: Do I take from no that that if a listed species was caught that would invoke a review?

Mr Gaddes: The process would be if they were not adhering to the things laid out in the decision. The exemption would be reviewed and potentially revoked. The process that happens then is it is subject to normal provisions of the EPBC Act, which means that it would only be subject to the EPBC Act and if the action was going to have a significant impact or likely to have a significant impact on a matter protected under the act. Which goes back to white sharks, sea lions, turtles and those sorts of things.

Proceedings suspended from 18:00 to 19:00

CHAIR: Senator Siewert, you wished to clarify a question?

Senator SIEWERT: I am after a clarification of an answer that you gave when I was asking about sharks. You indicated that the report from last week was there had been around five or six sharks having been taken as reported by the Western Australian government. Do you mean five in total or five that were above three metres?

Mr Knudson: I will turn to my colleague Dr Bigwood in a second; but, as he had mentioned in the last session, we have a regular catch-up with WA to go over how the program is being implemented et cetera. Dr Bigwood indicated that there was a conversation this week about the events over the weekend. I will let him add if he has any clarification on the numbers discussed.

Dr Bigwood: The indications were really about the weekend.

Senator SIEWERT: Okay, thank you.

Senator WATERS: First I have some questions about the Waratah Coal approval in the Galilee Basin. When that approval was given was the department aware that one of Mr Palmer's other companies—Queensland Nickel Pty Ltd—had been involved in substantial controversy in dumping toxic waste in the Great Barrier Reef without permission on two occasions?

Mr Knudson: We were aware.

Senator WATERS: Were the department or the minister also aware that the Queensland environment department had placed an environmental protection order against Waratah Coal in relation to exploration drilling holes on that same site? Were the minister or the department aware of that when the minister approved that coalmine?

Mr Knudson: I am going to ask Mr Gaddes, who is in charge of compliance and enforcement, to come to the table.

Mr Gaddes: Yes, we were aware that that had occurred. We had a case that we investigated. We did not deem that it was a significant impact that warranted further investigation. As a part of looking into that matter we established that the Queensland government had put a protection order over Waratah.

Senator WATERS: Did you advise the minister of that EPO?

Mr Gaddes: I am not sure. I do not prepare those briefs.

Mr Knudson: It is standard practice that, whenever we are briefing the minister on an EPBC decision, we will include a brief of the proponents' environmental history.

Senator WATERS: Thank you. That goes to my next question. What criteria do the department use to assess whether a proponent is a fit and proper person as per the test under the EPBC Act, particularly as regards their environmental history?

Mr Gaddes: When requested, we would report any of the non-compliances that we have and anything we are aware of from a state basis as a part of that process. I am not sure how that gets fed into the advice to the minister.

Senator WATERS: My question goes to what criteria you use to determine whether a person is a fit and proper person to hold an EPBC approval as you are required to determine under the act.

Mr Knudson: I think what Mr Gaddes was pointing out was that there are a couple of places where we look explicitly: are there any particular compliance or enforcement actions that have been undertaken against the

individual or his entity, and is there any knowledge that we would have with regard to state-level actions. But I suggest that, to make sure we give you as fulsome an answer as possible, we come back to you with a more detailed explanation of how that is taken into account.

Senator WATERS: Thank you. I would appreciate that, because they seem to be fairly gross breaches and, if that does not meet the criteria, I am interested in what those criteria are. Thanks for taking that on notice.

I now move to the Abbot Point approval. In the public environment report for that project there were options canvassed about land based disposal of dredge spoil. They were dismissed as not financially viable. Was there any independent analysis done of those claims about the viability of dumping anywhere other than in the Great Barrier Reef Marine Park area and the World Heritage area?

Mr Knudson: There are a couple things I want to start off with that I think are very important context. The expansion of Abbot Point as a proposal is an expansion of an existing port. Because of that, we think it is also consistent with the World Heritage Convention recommendations as well as consistent with their recommendations to us. We have ensured that there was a world's-best-practice environmental assessment undertaken for this port. That being said as context, the proponent did undertake a multivariate analysis of a range of options, which obviously led them to conclude that their preferred option was for the site disposal location which was approved and the methodology associated with that undertaking. Further, the piece that I would also highlight here is that, in undertaking that analysis, the proponent was required to ensure that there was an adequate scientific rigour behind each of those elements in developing their recommendation to the department.

Senator WATERS: My question was: was there any independent analysis of the proponent's claims by the department?

Mr Knudson: With any environmental assessment we would be taking a look at the veracity of any analysis provided by a proponent to ensure that there is a high level of confidence that not only the environmental impacts but also the proposed avoidance, mitigation and offset measures would be adequate to yield the acceptable outcome as required under the act.

Senator WATERS: Was there a cost-benefit analysis done of the various dumping options—not just the offshore ones but the onshore coastal and inland ones?

Mr Knudson: As I mentioned, the proponent undertook a multivariate analysis, and I ask my colleague Mr Murphy if he can go into more detail about what that consisted of.

Senator WATERS: I am more interested in the department's response to that and whether you assessed those claims with your own cost-benefit analysis or simply tick and flick.

Mr Knudson: No, the department did not undertake costing analysis of the individual proposals. The proponent was in a position where they had undertaken costing estimates for the various options for, as you would expect, a commercial corporation, but the department did not undertake any costings of those options.

Senator WATERS: Okay. On that point: I canvassed with GBRMPA in the previous estimates session that they had done some research about offshore dumping of dredge spoil, how far that spoil travels and, of course, the damage it can then do in the marine environment. GBRMPA at the time pointed out that they in their modelling had added some additional parameters to make the modelling more accurate. They pointed out that North Queensland Bulk Ports, the applicant for the dumping at Abbot Point, had not included those additional modelling parameters in their own original monitoring in the public environment report. I asked GBRMPA whether the company would be required to go back and redo the modelling properly, adding in these new parameters, and GBRMPA directed me to you guys, so I am now following that up. Given that the approval has now been given, was North Queensland Bulk Ports required to redo that modelling and factor in those additional parameters so that you could get a proper handle on where the dredge spoil would end up?

Mr Knudson: There are two pieces that I would like to respond to. First of all, in formulating our advice to the minister, we did seek the views of the marine park authority on the proposed decision and also conditions set, and one of their comments was absolutely around the idea of the importance of monitoring, as you are talking about. However, they recommended no changes to the content of our recommendations. I think that is because when you take a look at condition No. 14 in the approval documentation it talks about the ecosystem research and monitoring program and lays out in great detail the methodology for dredge plume modelling that will have to be undertaken, including the number of years that will have to be incorporated into that modelling. It goes on at some length in specifying exactly what modelling would be considered adequate to undertake this project with a good understanding of both the impacts and the long-term effects.

Senator WATERS: You asked them to do some proper modelling after the approval was given?

Mr Knudson: No. It is part of the conditions. The specific condition requires that the proponent needs to provide an Abbot Point ecosystem research and monitoring program prior to the commencement of the dredging and disposal activities. There are a number of other requirements in the decision which require the proponent to complete, and have ministerial approval of, management plans prior to commencement of the action.

Senator WATERS: The approval was given?

Mr Knudson: Absolutely, as is consistent with our decisions on a number of projects.

Senator WATERS: It is indeed consistent with your trend of conditional approvals that we continue to think are quite premature. But I will move on. Still on the reef, but on the strategic assessment: there were some reports about submissions made by various industry sectors, including the Queensland Resources Council. The report was that QRC, in its submission on the terrestrial Great Barrier Reef strategic assessment, had asked for weaker laws, effectively. It was a media report, so they did not go into technical legal detail about what precisely was being asked for. My question is whether you can now table a copy of QRC's submission? Can you table all of the submissions?

Ms Cameron: The submissions were undertaken through both GBRMPA and Queensland working together in a sort of collective, have-your-say site. So the submissions were put into this collective mechanism. They did not have a statement on the site about confidentiality, but the material is not ours to release. It is the Queensland government's and GBRMPA's—the submissions were on their proposals for the draft strategic assessments. A number of organisations have put up their submissions onto their websites—letting the community see what they have said. I do not know whether QRC have done so, but a number of organisations have—ACIUCN and others are making them available.

Senator WATERS: Will the Commonwealth write to all of the folk who made submissions and ask their permission to upload those documents so the public can see them?

Ms Cameron: We may. We have not made that decision yet. But Queensland and GBRMPA have to give us a report on public consultation. They have to indicate how all the different submissions have been dealt with. They do not have to identify specifically what was said but they have to identify the trends and concepts that were tracked through the public comments. That will definitely be made public.

Senator WATERS: Have you briefed the minister on any reforms to weaken reef protection laws as a result of those submissions, particularly the QRC submission?

Dr Dripps: You are asking us to disclose policy advice to the minister that we have not yet given. It is not a question we can respond to.

Senator WATERS: I was simply asking if you had briefed the minister on the content of any of those submissions—and you are saying, no, not yet.

Dr Dripps: As Ms Cameron has indicated, the organisations who are doing the strategic assessments are in the process of pulling together the summary and synthesis of the public comments that were received on both of the strategic assessments. That will be provided to the minister with the final strategic assessment documentation when that is ready.

Senator WATERS: Harking back to an earlier response, Dr Dripps, you said that that would not be until the second or third quarter of the year; is that right?

Dr Dripps: That is right, Senator.

Senator WATERS: So we will not get the public submissions for another six months, if at all?

Dr Dripps: That is not what I said, Senator.

Senator WATERS: No, I think that is what Ms Cameron said.

Dr Dripps: What I said is that the strategic assessment reports would be provided to the minister when they are ready, which is expected to be in the second or third quarter of this calendar year. So six months is a little bit of an exaggeration.

Senator WATERS: Sorry, I am now confused. When might we see those submissions? When might they be made public?

Dr Dripps: Between now and in six months time, Senator.

Senator WATERS: Okay, so that is six months again. Great. We will wait for those. Can I move now to the Maules Creek coalmine approval. Can the department table a copy of the independent review into the offsets issue?

Mr Tregurtha: Under condition 10 of the Maules Creek approval, the proponent is required to provide the minister with verification, through independent review, of the quantity and condition class of the box gum woodland and ecological communities before 30 December 2013.

Senator WATERS: Yes, and that was provided on the 27th. Can that be made public?

Mr Tregurtha: That report was provided on 27 December.

Senator WATERS: Sorry to cut you off, but I am just conscious of the time. Can that be made public?

Mr Tregurtha: Under condition 10 of the approval, the findings of the independent review must be published on the proponent's website by the proponent. It is the standard practice of the department with management plans and things of this nature that the proponent would publish those on their website.

Senator WATERS: They still have not done so, and it has been almost two months. Is the department doing anything to ask them to hurry up, or can the department put it on its own website?

Mr Tregurtha: The department would not put it on its own website, Senator. In terms of the timing of the publication, condition 10 does not specify a timeframe for the publication of that report.

Senator WATERS: Okay, so if it is an independent review, why is it up to the proponent to publish it on the proponent's website?

Mr Tregurtha: It was up to the proponent, under the condition, to commission the independent review, and have it taken—

Senator WATERS: It does not sound very independent to me.

Mr Tregurtha: The reviewer was required to be approved by the department prior to the review taking place, Senator.

Senator WATERS: Okay, but you cannot publish the report?

Mr Tregurtha: The department is continuing to undertake its consideration of the report at this time.

Senator WATERS: There has been a number of other reports, including by, probably, a properly independent ecologist, John Hunter, who found that there is only less than five per cent of the relevant ecological community in the offsets. Would a project which wipes out hundreds of hectares of nationally significant habitat normally meet the department's offsets policy?

Mr Knudson: The offsets policy would take an ecological calculation of the residual impact after having looked at avoidance mitigation options and, taking a look at what is left in terms of that impact, then compare that against what is proposed in terms of an offset. So as long as the offset is sufficiently robust to deal with whatever the residual impact is, then that would meet the intent of the offsets policy.

Senator WATERS: Sure. And I would suggest that five per cent is not robust. But that brings me to my next question: how close is the department to finalising its investigation into whether it was misled about those very offsets?

Mr Gaddes: That would sit in my area. We spoke about this one previously. We had hoped to have this matter resolved by now. As you are aware, criminal matters can take some time, and this is a serious one for us to investigate. We have recently received new information that you just spoke about from the Northern Inland Council for the Environment, and we are also looking at the results of the independent review. We will not be able to finalise our investigation until we have fully considered those two reports.

Senator WATERS: It is good to know that you are examining all of those reports. Are you conducting any of your own on-ground investigations?

Mr Gaddes: We would not do any on-ground investigations; if we went through those reports and there was sufficient cause for concern, we might go and get those reports peer reviewed by a purely independent authority from a university, or somewhere like that, to give us some idea about the veracity of the information in each of the reports.

Senator WATERS: And do we have a timeframe on when we can expect the finalisation of your investigation?

Mr Gaddes: As I said previously, it depends on the number of investigations and the timelines associated with those other investigations. We would hope to get it resolved within a matter of months.

Senator WATERS: Okay, great. Apparently on 4 November, some of the traditional owners submitted emergency applications for the protection of heritage sites that would be affected by that coal mine. My understanding is that, as of a few days ago, those applications still had not been processed. I also understand that,

sadly, on 10 February, there was some evidence with aerial photographs that the sites identified in the applications had been bulldozed.

Is the department aware of that? What is taking so long and what can be done to stop any further destruction of these sites before they are even assessed?

Dr Dripps: If you are referring to the application under the Aboriginal and Torres Strait Islander Heritage Protection Act, that is managed by a different area of the department. They are not here at the moment. As you would be aware, the administration of that act requires extensive recourse to natural justice for all the parties involved, which can unfortunately, in some cases, result in quite a delay in the administration of the act.

Senator WATERS: It does not seem like there is much natural justice if the site has been bulldozed already. When can I re-ask those questions? What session does that fall under?

Dr Dripps: We can take that question on notice. It is covered by the heritage area.

Senator WATERS: Which is 5.1. Thank you, I will put those in on notice. Chair, I have many more questions if there is more time—

CHAIR: We would all like that. Senator Ruston has the call.

Senator RUSTON: My apologies if you have answered this question, but I had to go to another committee. Going back to the Abbot Point approval, my understanding is that a series of dredge volumes were proposed over the period of time of the approval process for this particular project. What were the dredge volumes under the previous government and what are the current dredge volumes, and is there any significant difference?

Mr Knudson: I am assuming that you are referring to the multicargo facility that was under assessment by the Commonwealth back in 2012. I believe it was withdrawn. That proposal would have seen dredging of 38 million cubic metres of dredge. The Abbot Point proposal is for three million cubic metres of dredging over a campaign period that could last up to seven years, with a maximum in any given year of 1.3 million cubic metres.

Senator RUSTON: So there is a significant reduction. How many approvals have you made under the EPBC Act since September 2013?

Mr Knudson: I do not have those figures at hand, unfortunately.

Senator RUSTON: That is okay. I would be interested to know the number of projects and the value of those projects—I understand if you do not want to give me individual values—and also the number of projects that have progressed under the water trigger and similarly the value of those projects.

Mr Knudson: I do know that globally the figure for approval since that date is in the order of magnitude of \$400 billion. That is obviously with a fair amount of uncertainty over the full scale of the eventual developments; we often have projects that do not proceed to their originally referred state. The second question that you asked was about the water trigger. There were 50 proposals under assessment when the water trigger came into force. With respect to those 50 projects, decisions have been made to have the water trigger apply to 46. Those are proceeding. Subsequent to that, one proposal was withdrawn and additional information was required on two. One of those two has also withdrawn their project. That means that, in essence, those projects are proceeding through the approvals process. Of those projects that were proceeding, four have received their final approval under the act.

Senator RUSTON: Have any been rejected?

Mr Knudson: No, but, like I said, two projects have withdrawn, and there is another one for which we are still waiting for additional information.

Senator RUSTON: Just one nice one to end: can you give us a quick update on the progress of the draft recovery plan for koalas?

Dr Dripps: Mr Richardson, the officer from the Wildlife, Heritage and Marine Division, will come up to the table and talk about the koalas.

Senator RUSTON: I was wondering how the draft recovery plan was coming along for the koalas?

Mr Richardson: The koala population is currently operating under a management strategy that was agreed some years back and we are due to finalise a recovery plan for the listed entity—which is the koala populations from Queensland, New South Wales and the ACT—basically by the end of this year to replace this strategy when it expires.

Dr Knudson: I just want to put on the record for absolute clarity that four projects have received approval under the water trigger, 43 are carrying on with their assessment, on one project the minister determined that the

water trigger did not apply, on one project the proponent withdrew, and then there is another one where the minister has not made the decision at this point.

Senator LUDLAM: Regarding the strategic environmental assessment that is being undertaken into the Perth and Peel regions—you have some visibility of that?

Ms Harris: Yes.

Senator LUDLAM: There is only 70,000 hectares of native vegetation remaining in Perth. My understanding is that the SEA of Perth and Peel is now two years overdue and that the state government is the key proponent in a number of major land clearing proposals. You are very welcome to contradict this if it is not your understanding, but the delay that is being imposed by the Barnett government in concluding the strategic environmental assessment of Perth and Peel is resulting in the clearing of extremely important areas of urban bushland. Can you give us any comfort at all that this project or that the assessment is even worth the community engaging in? Can you give us any hope that it is worthwhile?

Dr Knudson: There are a couple of points that I would make about the strategic assessment. The Western Australian government in undertaking this is undertaking a quite ambitious strategic assessment that is trying to pull together urban planning and infrastructure as well as the environmental values, and the analysis that is being put behind this is what any delay in terms of the process going forward is due to.

Senator LUDLAM: Can we get a moratorium on urban land clearing while that ambitious project is underway?

Dr Knudson: What I would say on that, which was going to be my second point, is that any project that is proposed that would have a potential significant impact on a federal matter would be required to be referred to the Commonwealth for assessment irrespective of the status of the strategic assessment. The fact that the strategic assessment is not finished does not give an exemption for assessment under the act.

Dr Dripps: The other thing I will add to Mr Knudsen's statement is that there is nothing in the act that enables us to suspend the part 9 assessment of projects while a strategic assessment is being undertaken.

Senator LUDLAM: It is pretty heartbreaking—

Dr Dripps: As we go through the strategic assessment, we use the information that is gathered as part of the strategic assessment to inform any standard EPBC assessments that are undertaken during that time.

Senator LUDLAM: All I can do is ask you to consider that as your assessing the Point Peron land-clearing proposal. My second question goes to a very different part of the world: up in the north-east goldfields. What progress has Toro Energy achieved towards realising the 35 outstanding conditions placed on their federal environmental approval, if they have made any progress? What can you tell us about the company's recent purchase of Mega Uranium and the Lake Maitland deposit? They have greatly expanded the scope of the project. How does that sit in terms of the Commonwealth environmental assessment frame?

Dr Knudson: I do not have the information at hand with respect to that specific question. If it is agreeable I would like to take that on notice.

Senator LUDLAM: That one is on notice.

CHAIR: I thank officers from the department in relation to program 5.2.

Senator SIEWERT: Chair, can I say something nice?

CHAIR: You can always say something nice, Senator Siewert.

Senator SIEWERT: I just wanted to acknowledge the TAP for dieback and the fact that it is now being done and is out there. I wanted to let you know that I have had a number of compliments on it saying how appreciative they are that it has now being completed. So, after all that trauma, thank you.

CHAIR: Thank you, folks.

Great Barrier Reef Marine Park Authority

[19:30]

CHAIR: Welcome. Dr Reichelt, would you like to make an opening statement?

Dr Reichelt: No, thank you, Chairman.

CHAIR: We will go straight to questions.

Senator URQUHART: I have a lot of questions, but I will put some questions on notice. I will jump through some of the more important ones here. We touched a little bit in the previous questioning on the Abbot Point dredging. I would like to talk about the key findings of the dredging report that was received in June 2013. It

included modelling that indicates that dredged material has the potential to migrate on a much greater spatial and temporal scale than previously thought—as I understand it, tens of hundreds of kilometres more, in fact. Can you explain what consideration, if any, you gave to these findings in granting the dump permit?

Dr Reichelt: My colleague Mr Bruce Elliot has been managing that area.

Mr Elliot: Yes, we did take that study into account when we went through our decision-making process, along with a range of other inputs as well. We also took into account, as articulated in the interpretive statement, which you will find on our website, which relates to that study, some of the limitations that also relate to the study.

Senator URQUHART: There are a number of questions that I will put on notice in relation to the advice you got back from several groups. I will not go through all those now. Did either the fishing or tourism industries identify potential job or revenue losses as a result of those dredging activities?

Mr Elliot: The representatives from the fishing industry that we have engaged with have indicated that they believe that there is potential it will impact on their businesses, but no-one has ever been able to provide any figures or estimates for that.

Senator URQUHART: But they raised concerns?

Mr Elliot: Yes.

Senator URQUHART: How did you take those concerns into consideration in providing the dump permit?

Mr Elliot: We acknowledged their concerns. The way we addressed those concerns is reflected in some of the conditions that we have applied to the permit.

Senator URQUHART: Did you assess the application on its own or did you look to propose alternative options to achieve the applicant's desired outcome? Would you only assess the offshore spoil-dump option in isolation?

Mr Elliot: We assessed the application that was in front of us on its merits. That application only included the proposed disposal site and the investigation area, which did not have specific sites identified. The application itself did not include ultimate disposable sites. However, as part of the process, which included the public environment report, there were investigations into alternatives.

Senator URQUHART: What role did the minister or any of the minister's staff have the decision-making process?

Mr Elliot: Consistent with the Great Barrier Reef Marine Park Act and the Environment Protection (Sea Dumping) Act, the minister's decision is taken into account as one of the factors, but we have an independent decision.

Senator URQUHART: But what role did the minister or the staff have in that decision-making process?

Mr Elliot: Consistent with our act, we took into account the fact that the minister had provided an approval and we took into account the recommendation report that the department had provided to the minister.

Senator URQUHART: Did the minister or any of the minister's staff share their views on the assessment outcome?

Mr Elliot: Not beyond the minister's official decision.

Senator URQUHART: Within your own agency, who was involved in the decision-making process?

Mr Elliot: We had a number of staff involved in doing assessments and bringing together evidence for those, but the delegate for the decision was myself.

Senator URQUHART: I have a copy here of a letter that was issued to North Queensland Bulk Ports, with the permit conditions. You have seen that letter? I am happy to table it if I need to. In the third paragraph the letter states that North Queensland Bulk Ports have been granted permission to dispose of dredged material at the proposed dredged material relocation area. Where is that area in relation to the coast?

Mr Elliot: It is approximately 24km offshore from the coast.

Senator URQUHART: Straight out?

Mr Elliot: Not quite straight out. It is north-northeast of Bowen.

Senator URQUHART: The next sentence then goes on to read that the Great Barrier Reef Marine Park Authority could not carry out the legislated assessment on the proposed investigation area due to lack of specific information provided. Can you explain that to me?

Mr Elliot: Yes, I can. The investigation area is a large area, and within that area there are not yet any specific sites for disposal identified. In order to be able to do an assessment, we must have a specific site identified and

that site must have been assessed by the proponent in sufficient detail for us to make a decision on it. That has not yet occurred for the investigation area.

Senator URQUHART: How does the investigation area differ from the relocation area?

Mr Elliot: I am not sure—

Senator URQUHART: The difference between the investigation area and the relocation area. This letter talked about the proposed investigation area due to lack of specific information. How does that investigation area differ from the relocation area?

Mr Elliot: For the relocation area, I assume you are talking about the approved site?

Senator URQUHART: Yes.

Mr Elliot: The disposal site itself has had quite an amount of investigation carried out on it, and that was the site that was fully analysed in the public environment report that the proponent undertook. At the time they did that public environment report they had not requested that the investigation area be added, and that is why there is not the same degree of information on that area.

Senator URQUHART: So for you to investigate it you needed to look at that report. Is that right?

Mr Elliot: What has to happen now—and North Queensland Bulk Ports are doing this, as per the minister's conditions in his approval—is that they will look at that investigation area for the purpose of finding specific sites within it. If, as part of that process, they identify sites that are of equal or superior environmental value, they will then request to use those and we will do a full assessment on those sites.

Senator URQUHART: Is it possibly a better area for dredge spoil dumping than the approved area?

Mr Elliot: At this stage it is potentially better, but we could not say that it is until such time as it has been analysed in enough detail.

Senator URQUHART: Further on in paragraph 7 of the letter, you say that it is the Great Barrier Reef Marine Park Authority's view that a superior site further away from identified sensitive receptors could be found within the proposed investigation area. Do you plan for someone to look at that area?

Mr Elliot: North Queensland Bulk Ports are doing that as a requirement of the minister's condition for the EPBC.

Senator URQUHART: So that was one of the conditions. What happens if that is found to be more suitable?

Mr Elliot: If, as part of the process they are doing at the moment, they find a site that they believe is more suitable, they will request that the current permit be varied to use that site. We will then go through the normal analysis process to have a look at that site to confirm whether we believe it is a serious one.

Senator URQUHART: You go back and do an investigation process on that site?

Mr Elliot: Yes, we do an analysis of it.

Senator URQUHART: Would you delay your decision before that investigation took place?

Mr Elliot: We have already provided approval for the existing site. In order for us to examine another site, North Queensland Bulk Ports would need to seek a variation to use that site. We would not be able to do an assessment on that for the purposes of making a permanent decision until that has occurred.

Senator URQUHART: But, as the Great Barrier Reef Marine Park Authority, how can you reconcile allowing a project to go ahead if you think there is a better option?

Mr Elliot: There is the potential for a better site, but until it has been analysed we do not know that it is. At the time we made our decision, it was made on the site that was included within the proposal—the only site we could make a decision on—and we were subject to statutory time frames for some of those decisions.

Senator URQUHART: I understand this letter was on your website, but it is no longer there. Is there a reason for that?

Mr Elliot: I am not sure. It may well be that it is just not linked to the front page anymore, because we did put that letter, plus the two permits, on our website.

Senator URQUHART: I will go to the permit itself. Condition 8 states that the permit holder must not dump more than 1.3 million cubic metres in one calendar year unless otherwise approved by the managing agency. Under what sort of conditions would you allow for this to be relaxed?

Mr Elliot: If the proponent wished to do that, they would first of all have to get the recommendation of the technical advisory panel. The technical advisory panel, which is a panel of experts, is another one of the conditions and we have to approve the composition of that panel. If that panel recommended that it would be

environmentally better, or at least not environmentally worse, if a larger volume were disposed of, the proponent would then have to seek the concurrence of both the minister, or the minister's delegate, and the Great Barrier Reef Marine Park Authority to make that change.

Senator URQUHART: Condition 10 states that the disposal of dredge spoil must not result in any harm to the environment, or to the cultural or heritage values of a number of key sites adjacent to the disposal area. How can you possibly ensure that this would not happen and how will you measure that?

Mr Elliot: The mechanism for ensuring that that outcome is achieved is, again, to a large extent through the technical advisory panel. The technical advisory panel will advise the proponents on what oceanographic conditions—the conditions for winds, waves et cetera—are conducive for the movement of sediments in the opposite direction. Essentially, they will define the conditions under which they will not be able to carry out the activity because it would pose too high a risk to harm to those areas. There are two different requirements for monitoring. One of those is what we call reactive monitoring, which is the monitoring carried out around the site so that if plumes do start to go in the wrong direction then the environmental site supervisor can halt the activity. There is also a long-term monitoring program which is designed to find any impacts over larger spatial and temporal scales.

Senator URQUHART: So that is regular, ongoing monitoring?

Mr Elliot: That will continue for five years after the last disposal activity.

Dr Reichelt: The site supervisor would be our employee not the port's employee.

Senator URQUHART: Condition 12 refers to a bathymetric survey prior to any dumping. That survey is to determine what is on the seabed, is that correct?

Mr Elliot: Correct.

Senator URQUHART: So why has this not already occurred?

Mr Elliot: We like that to be done within 20 days of a disposal action so we know there have not been any changes to the seabed. There have already been surveys of the seabed on the disposal site. This is to make sure that we have the most up-to-date information.

Senator URQUHART: What would you do if you find something of environmental significance down there? Would you have to reconsider the permit conditions? If you found something there, would you have to then reissue the permit or look at what the conditions are?

Mr Elliot: We would not have to reissue the permit. It would be unusual to find anything of a permanent nature there that is not there at the moment. The main reason for doing that is so we can then compare it to the postdisposal seabed.

Senator URQUHART: Monitoring it before and after?

Mr Elliot: Yes, it is to compare before and after to an extent.

Senator URQUHART: Condition 18 and a few conditions beyond that refer to a trigger level. Can you explain to me what the trigger levels are?

Mr Elliot: The trigger levels—again the advice here comes from the technical advisory panel—are things like sedimentation rates. We know, for example, what sort of sedimentation rates are acceptable to sensitive receptors, such as corals and seagrasses. The trigger values are to ensure that the sedimentation rates do not exceed those, which will ensure there is no harm.

Senator URQUHART: How often will the technical advice panel and management response group meet? What is their schedule? What is their relationship with the authority?

Mr Elliot: I would have to take on notice what their schedule is. Their relationship with the authority is that we must approve the membership of the technical advisory panel, but they do not work for us. We also need to approve the membership of the management response group. We have also dictated who some of those members will be—not the individuals but, for example, we require industry and community representatives.

Dr Reichelt: Tourism.

Mr Elliot: Tourism and fishing must be included, for example.

Senator URQUHART: Condition 28M has many subsections, all referring to the tourism and fishing industry. Who is involved in setting the baseline coral and water standards?

Mr Elliot: The plan for that or, if you like, the methodology for that, is being negotiated at the moment. We need to approve that as well.

Senator URQUHART: Who would be the mediator?

Mr Elliot: Mediator in?

Senator URQUHART: In looking at what it is. Obviously each party has their own interests to look out for.

Mr Elliot: I suppose at the end of the day we would be the mediator, because we have to approve the plan

Senator URQUHART: And would there be any compensation arrangements for any loss to businesses as a result of the dredging?

Mr Elliot: That is one of the conditions that has been included, and that is particularly pertinent for the fishing industry.

Senator URQUHART: Is the government liable in any way?

Mr Elliot: No.

Senator URQUHART: The conditions set out for the permittee are all monitoring-focused; there does not appear to be any attempt to prevent impacts on marine life. Can you please explain why that might be?

Mr Elliot: The conditions which relate to Holbourne Island and Nares Rock are to do with some of the sensitive receptors around those areas, such as corals. The reason that there is nothing specific for things such as dugongs and turtles is that, when we did our risk assessment, we found that the risk of impact to those species is quite low in the Abbot Point area.

Senator URQUHART: I want to talk about the *Great Barrier Reef climate change action plan*. Are you okay to do that?

Dr Reichelt: Carry on.

Senator URQUHART: The authority is due to publish the next outlook report in 2014. Is that correct?

Dr Reichelt: Yes, it is correct; by June this year.

Senator URQUHART: Can you please update us on the progress?

Dr Reichelt: The drafts are well advanced. They are at in-house review now. All I can say is that it is well advanced; it is being brought together. One reason we have been able to do it more quickly than our last one is that a lot of the material that we brought together for our strategic assessment has been fed into this one, since it is quite recent.

Senator URQUHART: What sort of consultation are you doing on that?

Dr Reichelt: The outlook report consultation been done through a round of meetings with some hundreds of people in major town centres, with our 12 local management advisory committees. This was work done also for the strategic assessment, so they have run together and we have had quite extensive consultation. We have had a management effectiveness review done, independently of us, and that work is underway now.

I would have to take on notice the precise plans for the consultation once this draft is substantially done, but it will happen more quickly than previously given the amount of community work we have already done. The strategic assessment will be tremendously informative, and we are already getting a lot of feedback on it as well.

Senator URQUHART: If you could provide the information about the consultation on notice, that would be fine.

Dr Reichelt: Okay.

Senator URQUHART: My last question is: what involvement are the minister and his staff having in the development of that report?

Dr Reichelt: Do you mean the outlook report?

Senator URQUHART: Yes.

Dr Reichelt: They have no role at the moment. Their role is to approve a review process managed by the department independently of us. Then the minister's role is to accept the report and table it within so many sitting days of receiving it.

Senator URQUHART: But they have had no role in developing the report?

Dr Reichelt: No.

Senator WATERS: I see that, at quarter past five today, the minister's report into conflicts of interest of folk on your board was released. I was not able to find the report, but I do have the minister's press release, which is brief. My understanding is that they have found there were no conflicts of interest, despite the links of two

members of your board to the coal industry. My question is: will you be looking at your conflict-of-interest rules and having a fresh look at whether you think they are adequate?

Dr Reichelt: I understand that the intention now—and it is quite recently that the minister has announced this—will be to release as much of the full report, and very quickly, as any privacy considerations allow. The idea is to fairly quickly release the whole report. The report does go into some detail about the various conflict-of-interest provisions in place in the authority and the board. I think that will answer that question much more effectively than I will. The report finds that we have a high level of management of potential conflicts, and it also explains the structure of the board and that a disagreement does not amount to a conflict—our board is set out under the act to contain interests relating to the reef. I think I should stop there and wait until you have had a chance to read the report.

Senator WATERS: My question was whether you will revisit your conflict of interest procedures and you said no. Is that correct?

Dr Reichelt: At this stage, no. Why I explained it is that we have extensive conflict of interest management procedures and they have been found to be effective.

Senator Cormann: As you would see in the minister's press release, the review recommended that the authority take no further action in this matter.

Dr Reichelt: We accept the recommendation.

Senator WATERS: Thank you.

Senator Cormann: I thought it was helpful, given your line of inquiry.

Senator WATERS: Why was the dumping permit for Abbot Point granted before the probity inquiry had finished?

Dr Reichelt: The probity inquiry was conducted into the allegations of the 7:30 program and not specifically connected to the approvals decisions in front of us. I think the two processes ran in parallel.

Senator WATERS: We went over ground on Abbot Point in the last session, and I asked the department this same question. When you did your study for the proper modelling for dredged soil movement and how far it can travel with various parameters placed upon it—3D modelling, currents and so forth—you acknowledged it was a more comprehensive approach to modelling and you noted the North Queensland Bulk Ports Corporation had not factored in everything you had factored in. Did you request NQ bulk ports or ask the minister to ask NQ bulk ports to do fresh modelling on the dredged soil site they received approval for?

Mr Elliot: No, we did not. The standard required for north Queensland bulk ports was per our guidelines at the time the application was deemed to be assessed under the EPBC Act. Subsequent to that, and reasonably recently, we have issued updated guidelines for modelling. Any assessment done from now will be required to use those, but we did not retrospectively apply them to this application and require it to be remodelled. It is worth noting that any alternative site will be assessed under the new guidelines.

Senator WATERS: Were the new guidelines ready to go before the Abbot Point decision was made?

Mr Elliot: We had them in draft prior to making our decision, but not finalised at the time. They were not published guidelines at the time of the public environment report, the main report required.

Senator WATERS: I pick up on a remark made in response to Senator Urquhart's questions about halting offshore dumping should your modelling show winds or currents would make it inappropriate to continue the dumping. In the Gladstone example there were financial constraints on when the Gladstone Ports Corporation could cease the dumping in the contract with subcontractors using the machinery to do the work. Did you make any inquiries of North Queensland Bulk Ports Corporation to make sure there was no such constraint on when they could cease dumping, such as they were able to comply with those conditions?

Mr Elliot: At the time we provided our permits they had not yet entered into contracts with the companies that will be doing the dredging and disposal. It is now a requirement that they make sure that our conditions can be achieved.

Senator WATERS: Have you specifically asked them to turn their mind to that point?

Mr Elliot: We have. We have had meetings with them since to make sure they are fully aware of the implications of the conditions.

Senator WATERS: That is good. Let us hope they listened to you more than they did me. I want to move now to the Yabulu refinery on the coast near Townsville. I am conscious that some FOI documents have been released that were then reported on which established that Mr Clive Palmer had threatened to sue GBRMPA if

you were to exert authority over his operations and that you had found two instances where he had illegally discharged toxic waste to the reef. Did you advise the minister of the threat that you would be sued and of the threat to water quality and to the reef?

Dr Reichelt: I would have to check. It was at the time of a previous government. We had quite a lot of correspondence from Mr Palmer. The threat of legal action was one of them. A request for a cheque for \$6 billion was another one. We have always dealt with that refinery issue with care for the environment and without any special treatment for the refinery. We are conscious that the bulk of that refinery's operations are on the land. There is a pipe leading away. We have never issued a permit for the use of the pipe. We became aware on two occasions, one in 2009 when it was owned by BHP, I think, or a subsidiary of BHP. When we raised our concerns about use of the pipe under what they called the emergency provisions they stopped discharging within three days, instead of the 100 days they had planned, and did not use it again.

At the time of the extreme weather—I think that was in 2011—its current owners were operating. They wished to use it and began making a discharge. At that time other actions were taken by Queensland, and the company agreed to enter into a discussion about how to fix the problem for the long term. That was the approach we took at the time. We did conduct monitoring a year later in the wet season. To our knowledge, the discharge has not occurred since that 2011 instance.

Senator WATERS: I now recall that I have seen a copy of that FOI document and that you did advise the minister of that situation and of the threats and of the things that you have just outlined for me. Thank you for so doing. Did the minister respond with any directive as to how you should respond to those threats of legal action or to the threat posed to the environment by those illegal discharges?

Dr Reichelt: I do not believe so. I think the minister was aware at the time of our action to not grant a permit.

Senator WATERS: So you did not grant the permit, but you also did not take any court action or enforcement action.

Dr Reichelt: The authority has never issued a permit since that pipe became incorporated into the marine park by an expansion of the marine park in 2001, I think. We undertake a risk based compliance of it. If there is a high probability of successful prosecution and it is not manageable by a cooperative approach to take the whole problem away, compliance action through the courts is an option. A lot of our successful changes in behaviour of people in the marine park have been done by warning letters. In fact, in the marine zoning plan, I think we have got nearly 100 per cent effectiveness, with no recidivism and no repeat offences.

Senator WATERS: With respect, that is for fishing rather than operation of a toxic refinery by one Clive Palmer. It may well be true for the fishing.

Dr Reichelt: It is true for this pipe as well, so far.

Senator WATERS: Have there been any other big developers who have threatened to sue the authority for doing its job?

Dr Reichelt: Not to my knowledge.

Senator WATERS: Would you say that is an unusual occurrence and one you do not normally experience?

Senator Cormann: You are asking for an opinion.

Dr Reichelt: Yes, it is drifting away from policy or from operation.

Senator WATERS: Okay. You have said not to your knowledge, so I will move on with that. You mentioned the threat that Mr Palmer to sue you for \$6.4 billion of compensation. How many years of GBRMPA's annual budget would that equate to?

Dr Reichelt: A considerable amount.

Senator WATERS: Many, many years?

CHAIR: He preferenced the Greens.

Senator WATERS: Would it be correct to say that if this did actually proceed to court—even if Mr Palmer lost, as he often does—the department would foreseeably still have to foot a considerable legal bill?

Senator Cormann: 'If', 'would'—that is very hypothetical.

Senator WATERS: How much does it cost when you get sued? That is the question.

Senator Cormann: How long is a piece of string? I do not think that there is one blanket rule. I think it is really a question that is very difficult for Dr Reichelt to answer.

Senator WATERS: I appreciate that. Sorry, I will rephrase: what is the department's budget for legal actions taken against it?

Dr de Brouwer: Do you mean the Department of the Environment, as opposed to GBRMPA?

Senator WATERS: Does GBRMPA not have its own legal budget?

Dr Reichelt: We do. Our typical action is where we are in the Administrative Appeals Tribunal for a decision, for instance. There is a few hundreds of thousands of dollars.

Senator WATERS: Each year?

Dr Reichelt: That is about the amount of our budget. It would not necessarily be used each year.

Senator Cormann: We might give you something more specific on notice.

Senator WATERS: Perhaps you could take it on notice.

Dr Reichelt: I could give you our past history of legal expenses on notice if that is okay.

Senator WATERS: Yes, particularly where the action has been taken against the authority rather than where you yourselves have taken the action. That is perhaps the apposite example. Reflecting on your earlier comments—

Dr Reichelt: Sorry, Senator. I was just getting advice. There are really only a couple of cases where it has occurred. It is not a very common event, but we will give you the information.

Senator WATERS: Thanks very much. Reflecting on your earlier comments that you had not issued a permit for the pipeline but nor had you prosecuted, can I ask whether or not there was any involvement of the minister or your board in that decision not to proceed with enforcement action for that 2011 breach.

Dr Reichelt: Not at that scale. The legal position at the time was that it was not 100 per cent sure that we would succeed in a prosecution and we had active intervention occurring at the same time with the Queensland government which they made us aware of and which we were supportive of. It just did not make sense to pursue a course of legal action when the discharge ceased and there was a commitment to work on improving the facility.

Senator WATERS: Thank you. With regard to that active investigation that you mentioned that the Queensland government has undertaken, I am just trying to find my relevant piece of paper but I understand that the Queensland government then revised the permit conditions and in fact lessened the protection for the reef. Is the authority now going to reconsider its earlier decision to not prosecute given that I think I recall reading that you said you reserved your right to take action against them in future?

Dr Reichelt: We did reserve that right. The advice I have had on that is that it is not true that the protections were lessened.

Senator WATERS: I cannot find my bit of paper.

Dr Reichelt: I would have to check if I am wrong.

Senator WATERS: Are you able to provide the checking to me? My understanding was that the environmental authority was significantly weakened as regards water quality, but I would be thrilled to be disabused of that.

Dr Reichelt: The briefing I had suggested that the standards were significantly raised. It became much harder—virtually impossible—to make use of the pipe under the conditions. But I am happy to explain that out of session or on notice.

Senator WATERS: Thank you; I would appreciate that. The chair has brought me to my final question: given the history of breaches that we have, sadly, had canvassed and given that I think GBRMPA has previously acknowledged that the company has a history of poor water management, does this raise questions, to your mind, about the suitability of future permits being granted to that applicant?

Dr Reichelt: In the case of the marine park authority, we are not in receipt of a permit request and have not issued permits. The only permit we have issued is to not insist on a removal of the pipe, because the advice in 2001 was that that would actually do more damage than good.

Senator WATERS: I will put my other questions on notice.

Senator RUSTON: Going back to Abbot Point, obviously, from the line of questioning we have had tonight and the issue constantly been canvassed in the paper, there is a huge amount of public interest out there about it and implications of the activities there. What is your role, and what you do to try and ensure that there is good, factual, consistent information in the marketplace so that people can actually make a sensible and objective

assessment as to what is going on? Because, just sitting here today, one could be excused for thinking the world was about to come to an end!

Mr Reichelt: Our role in a decision like Abbot Point is to say yes or no and ask, 'Can it be done safely,' in plain terms. That involves identifying all the risks that, if unmanaged, would cause harm and then, same as the minister's decision, making sure there are conditions to prevent that occurring, and that is what we have done. But we have also been meeting with the community groups. In the last two weeks, we have met with our local management advisory committees and senior executives, and to those people I would say, 'We are hearing your concerns and we do need to get more information out to you quickly.' That is so that they understand not just the scientific rigour behind the controls that we have put in place but the independence—so the information is transparently available to the community and they hear it the same as we do, and to avoid secrecy agreements and things that prevent their representatives from talking to them about it. We intend to ramp that up in the case of Abbot Point. My colleague mentioned the technical panel and the management group, which would have community people on it.

I think also, in those meetings with them, I would like to explain the conditions under which it can occur in that particular site and what the attributes of that site are that make it not a damaging thing for the Great Barrier Reef. The area of investigation is a site where what they call the bed shear is very low; the bottom currents are low. The science that we have available is on what happens to a thin layer of like sediment, so where it is taken from is similar to where it is going. It must be non-toxic. In other words, the small animals that live in the sediment naturally will turn over the new sediment. The best science says that takes about one year and, after one year of a thin layer of sediment—provided it has not smothered things like seagrass and corals—it would be indistinguishable from the other billions of tonnes that are there already. The main concern that I am hearing, particularly from fishermen, is that it does not smother the microhabitats of the baitfish that are so important to them, and the predators that they fish. From the tourism industry, it is not to let fine sediment drift towards their prime tourist sites, because the Great Barrier Reef and the Whitsunday Islands are famous for their beautiful diving, and turbid water and tourism do not go together. So we have heard those and we will be talking to the people in the industry, in the coastal communities, to try and explain that, to give them access and to enable them to be critical and air their views and fears to the technical panels that are designing these controls.

Senator RUSTON: Yes. It seems to me that there have been a lot of environmental checks and balances put in and conditions put on this project, requirements about water quality and the like, but people need to know about that. They need to have that information to make that assessment. One of the other things, obviously, a reasonably new initiative, is the emergence of the Reef trust. I am just wondering if you could give us a bit of an outline of it: what are the sources of funding for the Reef trust and what is your early thinking about the kinds of activities that it can support?

Mr Reichelt: Could I start by saying what its broad intention is and perhaps ask a colleague from the department, Mr Thompson, to talk more about how it will be put together. Just to reinforce how important the Reef 2050 program, the Reef trust, is to future actions in the Barrier Reef, we have done a strategic assessment, we have identified the northern sector as being virtually pristine and the results will show that it should be protected. It must stay that way. The southern two-thirds of the system is offshore affected by storms and crown-of-thorns starfish. Inshore, floods and catchment run-off featured really strongly in the declines of corals and seagrasses. The data for those is for a much shorter time than the offshore data; it goes about eight years.

Where I am going there is that it is telling us that business as usual is not a problem. We need to manage for resilience and remove pressures, but we need to think about restoration—protect the pristine, manage resilience and restore damaged areas that have been damaged over perhaps 150 years. The answer to restoration requires action on the land and in the sea. The marine park authority strongly supports intervention where it can clearly improve the system. To give people an idea, on the land the bigger changes that have affected the water quality are not to do with the towns and ports; they are to do with things like dissected salt marshes, where the flows of water have been changed, and they are to do with the bunding of pastures in some low-lying areas to increase grassland availability that have then restricted the connections between the land and the sea.

What we have been doing for the last 3½ years is documenting the nature of the changes along the coast. We have done it with Queensland's cooperation. They have provided all of their data to us and we have begun mapping the connections between the land and the sea, and where you might intervene to improve it. That is where we will be working with the department and the minister to identify high-priority restoration prospects. That is a work in progress, but we have done a lot of the groundwork already. Having said what it is for and what it will do, could I ask the department to explain the second part of your question.

Senator RUSTON: The kinds activities that it would support.

Mr Thompson: The Reef Trust is an election commitment. It is a key component of the government's Reef 2050 plan and it will be constituted by a \$40 million investment from the Commonwealth with a focus on improving water quality and coastal habitat. There are some other elements contained in that: a \$2 million investment in crown-of-thorns starfish control to address the serious outbreak of crown-of-thorns starfish, which as you know are a threat not only to the reef but also to the tourism potential of the reef; and a \$5 million turtle and dugong protection plan is part of that investment. The department is developing the Reef Trust in very close collaboration with the authority and also with the Queensland government. The intention is, as spelt out by Minister Hunt coming into government, that the trust be not only a vehicle for funds from the Commonwealth but also a funding vehicle for the pooling of offsets for significant projects under the EPBC Act.

CHAIR: I thank the representatives from GBRMPA.

[20:13]

CHAIR: We will now turn to outcome 1. I call officers from the department in relation to program 1.1, sustainable management of natural resources and the environment.

Senator URQUHART: At the previous estimates hearing in November, I asked you about the 20 million trees project. At that time, you were working on the design and scope of the project. Are you in a position to update the committee at this time?

Mr Sullivan: I cannot give you a whole lot more detail, primarily because some of that work is not progressing in terms of consultation and program design options. It is subject to the budget process. So we are working within the constraints of the budget process with respect to the guidelines and the delivery options that will come with the commitment to establish green corridors in regional, periurban and urban areas. So the short answer is no.

Senator URQUHART: I have a couple of questions that relate to that. I will ask them anyway but it may be that, given that you have not done very much, you may not be able to tell me. I just wondered if you had progressed any further in determining the potential water impact of planting and maintaining the 20 million trees, especially in the early establishment phase of that.

Mr Thompson: Just before Mr Sullivan answers that, I will correct something in that comment you made. We have done a lot of work; it is just that we are not in a position to talk about a lot of that right now.

Mr Sullivan: I was going to make the same comment; we have been working actively. Part of that addresses those questions you have raised on the process of costings. Delivery models, land availability, potential delivery partners, the mechanisms for delivering on the commitment of 20 million trees, the time frame, seasonal planning constraints, optimising biodiversity outcomes as well as carbon abatement outcomes have all been part of the process of working through the development of guidelines as well as working through the machinery of the budget process.

Senator URQUHART: Do you know how much the funding will be and which budget line that money would come from?

Mr Sullivan: Again, that will be a matter for the costings process and a decision of government as part of the budget process.

Senator URQUHART: In terms of the proposal and the guidelines, is the intention for the green army to plant those trees or will it be tendered out to existing environmental or Landcare organisations?

Mr Sullivan: There were some specific commitments the government made in the election context where a proportion of the 20 million trees has been committed to be planted by green army teams. There are obviously options for broadscale regional plantings, which would be different in their scope. We are looking at how we can get synergies between an environmental labour force and the planting of trees. There are some specific components of the election commitments that have been made by the government, in particular with respect to the Cumberland conservation corridor in Western Sydney, and part of the 20 million trees will be planted by green army teams.

Senator URQUHART: I was going to say: you are not going to plant the whole 20 million in Sydney, surely?

Mr Sullivan: No.

Senator URQUHART: I would not have thought so. I want to move on to Caring for our Country. Have any cuts being made to the department's share of the Caring for our Country program?

Mr Sullivan: There are measures in the agency additional estimates statement with respect to Caring for our Country. As at the time of the additional estimates statement, there remained over \$2 billion over the next four years—that is, going beyond the forward estimates—assigned to the appropriations that make up Caring for our

Country. That comprises the natural resource management special account, the Natural Heritage Trust special account, the Working on Country program and the Environmental Stewardship Program. Obviously also as part of the budget process those appropriation lines are being recast to deliver on the government's election commitment to deliver a National Landcare Program.

Senator URQUHART: Where did the \$6.7 million redirected to the Home Insulation Program royal commission come from? Was that committed or uncommitted funding?

Mr Sullivan: That was from uncommitted funding in 2013-14.

Senator URQUHART: Have all the contracts signed prior to the election been honoured?

Mr Sullivan: For contracts that were signed prior to the election on Caring for our Country—I am just try to think across all the appropriation lines—and the ones that we in the environment department are responsible for have been honoured.

Senator URQUHART: What about projects that were committed to but without signed contracts prior to the election? Have they been honoured?

Mr Sullivan: In Caring for our Country there were a number of projects. Ms Howlett may have to do some work to find out how many there were. My memory is for those projects that were agreed to, and not signed, by the time caretaker came down that there were 10 Caring for our Country target area grant projects, totalling \$11.4 million. Those were subsequently approved by Minister Hunt on 9 of October, 2013.

Senator URQUHART: So they were the ones that were not signed but committed?

Mr Sullivan: They were committed and were not signed and have now been subsequently honoured.

Senator URQUHART: Does that capture all of them?

Mr Sullivan: In terms of Caring for our Country, yes.

Senator URQUHART: Have the natural resource management organisations all maintained their funding under Caring for our Country?

Mr Sullivan: There are a range of contracts that are in place across all of the natural resource management bodies, and those have not been altered.

Senator URQUHART: So they have all been maintained?

Mr Sullivan: Yes.

Mr Thompson: Just to frame that a bit more: as you know, the government is committed to create the National Landcare Program. So in terms of nomenclature, the Caring for our Country program has ceased for the government, and we are transitioning from that into the National Landcare Program. There have been, at this stage, no changes to any of the regional body funding arrangements in that transition.

Senator URQUHART: Are there planned to be any changes?

Mr Thompson: That is a matter for government, which it is considering.

Senator URQUHART: I just want to go to the Green Army. The statement of requirement was released in January 2014, and indicates that participants would be paid an allowance rather than a wage and associated superannuation et cetera. Is this effectively a Work for the Dole scheme?

Ms Lane: Participants under the program will be paid an allowance—a Green Army allowance. I think the statement of requirements gave a funding range for that allowance. It is an allowance which recognises the fact that participants will be engaged in work experience-like activity and undertaking training. So it is not a duplicate of the Work for the Dole program.

Senator URQUHART: But what is the allowance equivalent to?

Ms Lane: It is aligned to the national training wage.

Senator URQUHART: Okay. So it is more than Newstart?

Ms Lane: It is more than Newstart, yes.

Senator URQUHART: Is the department or the government intending to count the Green Army in its one million new jobs commitment?

Mr Thompson: I will take that on notice.

Senator URQUHART: I have asked whether the allowance replaces Newstart, and I guess in some respects it does. If someone is in the Green Army, they are not going to get Newstart and the allowance, would that be correct?

Ms Lane: That is correct. Full-time participants in the program will not be paid income support as well as the Green Army allowance.

Senator URQUHART: Once they finish the program, do they resume Newstart payments if they cannot find work?

Ms Lane: They can do, yes.

Senator URQUHART: Would there be any penalty time, or would they go directly back onto Newstart?

Ms Lane: I will take that on notice.

Senator URQUHART: Okay. Again, the statement of requirement refers to participants gaining certificates I or II, or part thereof, and skill sets from certificates III, IV, diploma and advanced diploma. What work has been undertaken to map career paths and available job opportunities?

Ms Lane: We are working closely with the industry department on the training component for the program. The intention is that participants, as you said, will be able to undertake training towards certificate I or II qualifications and either/or competency based skill sets. The service providers that will be contracted to deliver the program will develop training plans with each participant, recognising the level of skills that they have entering the program. That training plan will map out the skills that they will be developing through the program, and also mentoring will be provided to assist them once they leave the program.

Senator URQUHART: So does that go as far as mapping career paths and job opportunities that are available?

Ms Lane: It is not an employment program in the sense that the placements do not guarantee employment at the end of the 26-week period. That said, the service providers will, in developing the training plan, obviously take into account the needs and the particular career goals of participants when they enter the program.

Senator URQUHART: What are the implications of providing participants with partial qualifications?

Ms Lane: I think that is a recognition of the fact that there will be varying levels of skills sets of the participants engaging in the program. Some may not be able to undertake a CERT I qualification and may actually be more in need of, for example, basic literacy and numeracy skills or foundational skills for job readiness. If they were to undertake future placements with the program, they may then move on to CERT I or II qualifications. So the training component of the program is designed to recognise that there is a breadth of skills that can be provided to participants and that there will be varying levels skills of the participants engaged.

Senator URQUHART: Would there be any opportunity for participants to continue training after that time is over and, if so, how would that be funded?

Ms Lane: Within the program?

Senator URQUHART: Yes, I guess so. Once they have finished their Green Army time, are there opportunities for them to continue training, maybe through a TAFE college or something like that?

Ms Lane: There are certainly opportunities for participants to undertake further training. Once they have finished, they may undertake more than one placement, so they may be continuing their training within the program. Outside the program—once they exit their placement—they can undertake training. It is obviously not something that the program will financially support, but the training plan that they have mapped out with service providers will ideally give them a pathway once they leave the program.

Senator URQUHART: Would that be funded by government or be self-funded?

Ms Lane: The training plan for individuals will be part of the program. That will be part of the responsibility of service providers when they engage participants in the program.

Senator URQUHART: Can they do more than one stint with the Green Army?

Ms Lane: Yes, they can.

Senator URQUHART: How many times can they go through that?

Ms Lane: We have not put a limit on that. There will be, however, obviously a preference for those participants who have not yet had an opportunity to engage in the program, but it is certainly possible for participants to engage in more than one placement.

Dr de Brouwer: It is particularly important for Indigenous involvement to enable that.

Senator URQUHART: Information received in the November estimates indicated that modelling and costing scenarios were being prepared regarding the numbers of participants and spread over the four years. Are you able to provide that information now?

Ms Lane: In terms of the numbers of projects and placements annually? Is that what you are asking, Senator?

Senator URQUHART: Yes.

Ms Lane: In 2014-15, there will be 250 projects and 2,500 placements; 2015-16 is 5,000 placements and 500 projects; 2016-17 is 7,500 placements and 750 projects; 2017-18 is 11,500 placements and 1,150 projects; and 2018-19 is 15,000 placements and 1,500 projects. So it is 10 people per project team.

Senator URQUHART: I am not asking you to provide it now, but if you could do it on notice: do you have specifics of the areas where those placements will be? Do you have that sort of detail?

Ms Lane: No. The government made a number of commitments through the election campaign for some projects already, but there will also be a call for project proposals separate to the tender, where organisations like NGO bodies and local councils can submit projects. Depending on where those projects are located, the placements will obviously be in those locations.

Mr Sullivan: In terms of that parallel process following on from the statement of requirements and going through a tender process to look at service providers, there is another task for us in providing advice to the minister on the selection of projects. Those guidelines are in preparation at the moment. One of those issues that we will need to canvass will be around national coverage.

Senator URQUHART: The statement of requirement provides that the program be opt-in. What if not enough people take up the program to make it viable? What is the situation then?

Ms Lane: We do not think that is likely, given that there are already a large number of young people aged 17 to 24 who are either unemployed or in the income support schemes. Certainly, the conversations we have had with some of the other agencies—social services, human services—indicate that there is more than enough demand to meet number of placements for the program in that age bracket.

Senator URQUHART: But it is an opt-in program?

Ms Lane: It is a voluntary; yes.

Senator URQUHART: So if that does not happen—if there are not enough—what would happen? You must have looked at those contingencies.

Ms Lane: If there were not enough within that age bracket we would consider widening the age bracket for participation.

Mr Thompson: As Ms Lane indicated in her answer, it is something we have considered. It is a risk. How we would deal with that is something we would go to the government with at the time, in terms of options.

Senator URQUHART: What to industry projections say about the number of available jobs over the life of the deed? With 2,500 participants in year 1, what pathways would be put in place to ensure that they would be able to find work?

Ms Lane: I might take that on notice. I re-emphasise that the program is not an employment program, per se. It is not designed to find permanent employment for young people. There is obviously a focus on the program preparing young people for the transition from school to work or from unemployment to work but, because it is not an employment program, I do not have the details and we have not done the projections that you are talking about. I would have to take it on notice.

Mr Thompson: If it was not already obvious, Senator, we are developing this program in very close collaboration with the Department of Employment and the Department of Industry. So we are very much in the tent on this.

Senator URQUHART: The statement of requirements refers to the program guidelines being developed. Did you say that they are available?

Ms Lane: They are not yet available. They are nearing finalisation of the moment. They will be released with the tender documentation in the coming weeks.

Senator URQUHART: So they will be available to the public? In the next—

Ms Lane: We anticipated that that will occur in the first quarter.

Senator URQUHART: We are nearly running out of that. Can you confirm how much of the \$200 million Reef Rescue 2 budget funding from 2013 to 2018 has been spent or allocated and how much is remaining?

Mr Sullivan: There is \$142.3 million that has been contracted in terms of the \$200 million commitment to the reef. I will have to get the exact figure of what is left uncontracted.

Senator URQUHART: Will that be allocated?

Mr Sullivan: That is part of Caring for our Country—the total investment program. The reason I am hesitant to jump to conclusions is that the broader national landcare program settings are part of the budget process in terms of the design. Remember, as I said before, that National Landcare Program will take over a whole range of appropriation bases.

Senator URQUHART: Is the announced \$40 million funding for Reef Trust part of the \$200 million that would be spent in the financial year?

Mr Sullivan: Sorry?

Senator URQUHART: There was an announcement of \$40 million of funding for the Reef Trust. Is that part of the \$200 million?

Mr Sullivan: No, it is a separate commitment from the government. It is part of the Reef 2050 election commitment.

Senator URQUHART: Which financial year would that be spent in?

Mr Thompson: The arrangements for that money will be settled in the budget context. So they are being confirmed now.

Mr Sullivan: Can I just correct my earlier evidence. I talked about \$142.3 million being contracted. The \$142.3 million has been announced, of which \$137.4 million is contractually committed. We are still in the process of finalising some details around contracts for that remainder of the \$4.9 million.

Senator URQUHART: Can you outline exactly how the reef trust will work, noting that in the proposal from WWF one of the options was to have the money held with and managed through a banking institution?

Ms Lane: We are currently working through the design of the reef trust so I cannot confirm any details at the moment except that we have had some conversations with the WWF about their proposal. So their ideas in their reef bank proposal are being considered in the design of the reef trust. However, the exact mechanism for holding the funds is still to be determined.

Senator URQUHART: When would that determination be made?

Ms Lane: Again, that is also part of the current budget considerations.

Mr Thompson: As I indicated in the answer I gave earlier to Senator Ruston, we are working in collaboration with the Great Barrier Reef Marine Park Authority and the Queensland government in designing this. Consistent with the government's broader agenda, we are looking to put in place a mechanism—or a vehicle, if you like, as that is what a reef trust is; it a vehicle for holding money and dispersing it—that is as simple and streamlined as possible.

Senator URQUHART: Just on that, is there any crossover or duplication between the reef trust and the Great Barrier Reef Foundation?

Mr Thompson: The Great Barrier Reef Foundation is a separate philanthropic entity. At this stage, we do not see that there will be a crossover between the two. The Great Barrier Reef Foundation has a particular emphasis on research and practical research in resilience of the reef. The reef trust is aimed squarely at improvements in water quality outcomes on the reef.

Mr Sullivan: There is great potential there as well for some of the research that is coming out of the foundation, in terms of the work that it is funding, to help guide future investments through the reef trust and into the future.

Mr Thompson: I might just add too that we are in conversation with the Great Barrier Reef Foundation about this vehicle.

Senator URQUHART: Yes, so it is unlikely there is going to be no duplication.

Mr Thompson: No, we will be aiming for there not to be.

Senator URQUHART: Can you provide details of the planned on-farm improvements and systems repair, which I believe had a value of \$58 million over the forwards?

Ms Lane: I do not have the detail of the projects that we have funded through that component of the previous program, but I am happy to take that on notice.

Senator URQUHART: Are you able to take that on notice?

Ms Lane: Yes.

Senator URQUHART: That would be great. I have just got a group of final questions on Tasmanian forests. At estimates in November, you noted that the role of the department in implementing the economic growth plan

for Tasmania was minor. Can you update the committee on the elements of that plan for which your department has responsibility and what they are?

Ms Howlett: Sorry, could I just ask you to repeat the question?

Senator URQUHART: Sure. At estimates in November, you noted that the role of the department in implementing the economic growth plan for Tasmania was minor. Can you update the committee on the elements of that plan for which you do have responsibility and what they are?

Ms Howlett: This department does not have responsibility for the Tasmanian economic growth plan. That plan is really looked after by the Department of Infrastructure and Regional Development. Any questions you have there about the economic growth plan would best be asked of that department.

Mr Thompson: We do have broad responsibility in a coordinating sense for the Tasmanian Forests Intergovernmental Agreement. There are elements of that funding package which we are directly responsible for administering. We could talk about those.

Senator URQUHART: Look, I will just go through the questions and any that you can answer would be appreciated. If not, then you can direct me to the correct department, which would be helpful. Officers have previously stated that they were confident that the FSC certification would be achieved by Forestry Tasmania. Has this now been achieved and how important is sustainability and certification to the forestry industry in Tasmania?

Ms Howlett: The Forest Stewardship Council certification process is quite a long and involved process. It is expected to take at last 12 to 18 months. That process is progressing as, if I recall correctly, Forestry Tasmania went out in the last couple of weeks with a public consultation process around community engagement on that process. It is being run primarily by Forestry Tasmania, and they have an active process of community consultation that will go along that. It is an international assessment process and will take quite some time.

Mr Thompson: Senator, that funding—and Ms Howlett must correct me if I am wrong—is administered by the Department of Agriculture, and there is also a contribution from the Tasmanian government.

Senator URQUHART: How dependent is it on the support of conservation groups, and would support for certification, and therefore timber sales, potentially be in jeopardy if the recent extension to the World Heritage area were delisted?

Dr de Brouwer: We are getting into conjecture, Senator. We do not know the future of those things.

Mr Thompson: It is really a matter for the environmental groups as to whether they would oppose it.

Senator URQUHART: Then, to your knowledge, has the special council raised any concerns regarding the proposed delisting of the 74,000 hectares of World Heritage area?

Mr Thompson: We are just confirming that we are not aware of any communication from the special council as the council; but there may have been communication to ministers that we are not aware of.

Senator URQUHART: At the last estimates on the Tasmanian Forestry Agreement, it was stated that any assessment of the TFA by the department formed part of policy advice or briefings to the incoming government. Can you now share with the committee your assessment of how government policy may affect the TFA?

Mr Thompson: That formed part of the advice in the incoming government context to the government, so I would not propose that we would share that. It is still live, deliberative material.

Senator URQUHART: Before the election, the government stated that it would honour existing and committed contracts under the Tasmanian Forests Intergovernmental Agreement. Can you update the committee on whether all these contracts have been honoured—more broadly, spending the \$330 million under the 2013 IGA on track as budgeted?

Mr Thompson: We might take on the notice the particulars of whether those individual commitments are still being honoured. But you are right, Senator, in saying that the government did commit to honour existing commitments. The reason I am taking it on notice is that, as I have indicated before, under the intergovernmental agreement there is a whole series of lines of different commitments. Could I answer that properly on notice?

Senator URQUHART: If you can take that on notice, that would be great. During last estimates, the \$25 million for conservation management under the IGA was discussed and evidence was given that none of the \$7 million committed for 2013 had yet been spent. Can you update us on that funding as well?

Ms Howlett: I can confirm that the Tasmanian government met its milestones under the national partnerships agreement and that that payment was released before Christmas.

Senator URQUHART: In MYEFO, funding for the extended Tasmanian forestry worker assistance project was ceased, with \$2.4 million over two years cut. To your knowledge, what effect will this have on forestry workers while the industry restructures?

Dr de Brouwer: I will have to ask some officials for their opinion, which is not a normal part of our evidence, Senator.

Ms Howlett: Senator, I do not believe that is a program we administer. I think that might be a question better directed to the Department of Agriculture.

Senator WATERS: I have one question further to Senator Urquhart's line of questioning about funding for Reef Rescue. I notice in a state party report that we discussed earlier there is a reference to \$160 million being allocated for Reef Rescue, whereas I recall the minister making a commitment to continue the \$200 million funding block. Can you explain the discrepancy there and whether the funding has, in fact, been reduced?

Mr Thompson: I am not aware of the discrepancy, so I would have to go back to the source document and check it. I would have to read the context in which the \$160 million was used as a reference. But, as Mr Sullivan indicated earlier, there is around \$142.3 million which has already been announced and \$139 million, or close to it, already committed—

Senator WATERS: But has there been a reduction in the funding on the promised \$200 million?

Mr Thompson: At this stage there has been no reduction in the funding that we are aware of.

Senator SIEWERT: I want to go back to the issue of the \$6.7 million that was allocated to the pink batts royal commission. You said that money was uncommitted. Is that correct?

Mr Thompson: Yes.

Senator SIEWERT: Can you tell me the funding source that money came out of?

Mr Thompson: It is table 1.2 in the additional estimates statement, and footnote 4 gives an explanation. This measure was announced in the 2013-14 MYEFO. It provides savings from the Fisheries Adjustment Assistance Package component.

Senator SIEWERT: That is what I am confused about, so I want to come to the actual fisheries package in a minute. But that original \$100 million that came out of the fisheries package—which area of funding did that come out of? Did it come out of the Natural Heritage Trust Fund and, if not, which other account?

Mr Thompson: I think the previous government's commitment was up to \$100 million, or in the order of \$100 million. Because it was an adjustment assistance package, the government at the time was not wanting to confirm what the total budget amount was, and neither am I confirming that. As you know, under the Caring for our Country program there are notional allocations, typically. We have had those conversations many times before. My understanding is that because they are notional allocations it does not make—

Senator SIEWERT: I specifically want to know: did it come out of the NHT fund?

Mr Sullivan: That was from the trust.

Senator SIEWERT: So, why is money from the trust being spent on the pink batts royal commission?

Mr Sullivan: That was a measure in terms of the savings reallocation in terms of the government priorities—

Senator SIEWERT: I really want to be clear about this—

Senator Cormann: I might assist you here, Senator Siewert. The situation is like this: we have inherited a very bad—

Senator SIEWERT: I do not need the bit about—

Senator Cormann: I will be providing an answer to your question, so perhaps you can just bear with me. We have inherited a budget in very bad shape, with \$123 billion worth of projected deficits over the forward estimates, with debt heading for \$667 billion. And one of the budget process operational rules that we operate under is that if there is some new expenditure that takes place some offsets have to be found within other areas across government in order to ensure that spending across government does not keep increasing. So, the government made a decision to do what we said before the election we would do, which is to try to get to the bottom of what happened with the home insulation program. As you would recall, some people died, some people were seriously injured—

Senator SIEWERT: Minister, you are wasting my time.

Senator Cormann: I have been very quiet, I have been letting—

Senator SIEWERT: I asked a specific question.

Senator Cormann: And I am providing an answer to your question.

Senator SIEWERT: No you are not; I am sorry. I need to know—

CHAIR: Order! Senator Siewert, please allow the minister to continue to explain the budget.

Senator Cormann: Senator Siewert, this is a very important answer to your question. I am quite happy to let things go when it is just a matter of getting some facts, but here there is a perspective from the government that has to be put on the table. We said before the election that we would have this inquiry. We made commitments to the families of the people who got injured by this program in the lead-up to the last election. We are delivering on this commitment, but we are doing it in a way that fits within the fiscally constrained framework we are dealing with. As such, the officials probably will not be able to assist you much further, because it was very much a decision of the government to reprioritise the uncommitted funding that was available in those respective programs.

Senator SIEWERT: I specifically want to know: is this money coming out of the NHT fund? And I am sure Mr Thompson and Mr Sullivan know why I am asking that question.

Senator Cormann: I think that question was actually answered.

Senator SIEWERT: Okay. Was the NHT ministerial board consulted over that decision?

Mr Sullivan: I would have to check the records in terms of the meetings of the ministerial board that have taken place since the election. I am happy to take that on notice.

Senator SIEWERT: Thank you. Did you provide advice to the ministers about the purpose of an NHT fund and the fact that this was being redirected out of that NHT fund account?

Mr Sullivan: The minister was quite aware of where the savings offset was—

Senator SIEWERT: Was the minister aware of the purpose of that particular fund and account?

Senator Cormann: Senator, I will intervene here again. The government made a conscious and deliberate decision. We take responsibility for the decision that we took. It is really difficult for officials in a department to try to justify what ultimately are decisions that were made by the government.

Mr Thompson: The language used in the budget documents is around redirection of funding. It is actually a take from the NHT. It is an offset from the NHT; it is not NHT money being used for this purpose.

Senator SIEWERT: That is why I was asking you about where the money came from.

Mr Thompson: Yes. So, it is an offset taken from the Natural Heritage Trust.

Senator SIEWERT: What do you mean 'it is an offset'?

Mr Thompson: It means that the money is taken from that appropriation. It is no longer linked to that appropriation, and it is used for another purpose. So, if the intent of your question—and I am sorry if it took me a while to get to it—is whether money has been, if you like, misappropriated or misused because it is governed by the appropriation of the Natural Heritage Trust, the answer is that that is not the case; it is actually offset.

Senator SIEWERT: Why is that? Is that money still available to be spent for what the NHT account was established for?

Senator Cormann: The answer is no.

Senator SIEWERT: In other words, the money did come out of there.

Mr Thompson: Yes, and it was a savings taken from that account.

Senator SIEWERT: Thank you. That is what I wanted to find out. In terms of the \$100 million, as it relates to the fisheries money—the original allocation, which was a nominal amount, and I accept that process—that is because the management planning process is not being proceeded with—is that why that funding is now available for marine parks?

Ms Rankin: Yes. Because the management plans were set aside in going through a new process through establishing new management plans, we do not know the impact of the ultimate management arrangements on fisheries. Until that process has been finalised the Fisheries Adjustment Assistance Program has not been able to continue to be rolled out this year.

Senator SIEWERT: Mr Thompson, you have been referring to the National Landcare Program by its collective name. You will remember that last time in the ag committee we were talking about the fact that you had not quite resolved whether that is going to be the name of the program or not. Is that now confirmed—that all of the program will be called the National Landcare Program?

Mr Sullivan: I was not part of the ag committee, so I am not sure where the indecision came from. The future of the National Landcare Program, as I explained to Senator Urquhart earlier, is still a matter for the budget process. But our expectation is that it will take the appropriations from the NRM—natural resource management—special account, the Natural Heritage Trust special account, the stewardship program and the Working on Country appropriation.

Senator SIEWERT: Including the Landcare program?

Mr Sullivan: That is the Natural Resource Management special account/

Senator SIEWERT: What I was getting to is: is that what it is going to be rebranded as? Or will there be another name for that program?

Mr Thompson: Not that we are aware of.

Senator SIEWERT: And, judging from what you have said before, the decision on that is not going to be made until after the budget, obviously—the business plan process?

Mr Sullivan: That is a matter for the government. Obviously there are time constraints in terms of certainty for future funding, but the timing of details around future program settings are a matter for government.

Senator SIEWERT: So, nothing has been finalised for the next business plan?

Mr Sullivan: There are a whole range of existing contracts under the previous Caring for our Country—

Senator SIEWERT: I mean for the new process—

Mr Sullivan: And a great deal of work has been done on providing advice on future program settings. That is really now a timing issue, coupled with the budget process.

Mr Thompson: The government has said that it does want to release guidelines and it does want to consult on the future shape.

Senator SIEWERT: And that will happen after all that other process stuff?

Mr Thompson: Yes.

Senator SIEWERT: The \$1 million that was allocated for the National Landcare Network: can you confirm for me whether that comes under Minister Hunt, or Minister Joyce?

Mr Sullivan: That, again, will be a decision for the budget process.

Senator SIEWERT: So that decision has not been made?

Mr Sullivan: The decision has been made with respect to meeting the commitment—

Senator SIEWERT: The allocation of the money, but not under which minister?

Mr Sullivan: No decisions have been finalised in terms of government making clear what the settings will be.

Senator SIEWERT: Will there be any staff losses associated with the NRM change? Or should I have asked that this morning and put it on notice?

Mr Sullivan: It is too early to say.

Senator SIEWERT: What is the status of the biodiversity fund's projects, and its status in general?

Mr Sullivan: As is outlined in the portfolio additional estimates statements, the biodiversity fund has now been terminated.

Senator SIEWERT: But the projects that are ongoing—

Mr Sullivan: There is a continuation of managing contracts, and some of those contracts go through to 2017-18. The total expenditure for the biodiversity fund by 2017-18 will be in the order of \$381 million. Those contracts will still be managed. They will still be reported on. The information that is coming from those will still be utilised in our monitoring and evaluation system.

Chair, with your indulgence: you asked before about the NHT ministerial board. I now understand the intent of the question. Basically, once the government decides to actually take funds as an offset from the trust, that is not a decision of the board; that is a matter for government, and the NHT board makes decisions on funding within the trust and is not responsible for making decisions for savings from the trust.

Senator SIEWERT: Yes, once it comes out of the trust. We will split those hairs later. I want to very quickly ask about the marine process. I just want to follow up on a couple of questions that were asked before. In the consultation process for the new lot of reviews, who has been consulted?

Ms Rankin: The details are still being established for the review panels—the terms of reference and the process they will run to undertake the consultation. So, that has not been finalised yet.

Senator SIEWERT: I have one last one related to the question I was asking about the \$100 million. Management plans are not there, so for all intents and purposes the fishing that is currently going on in those areas in the boundaries of the marine parks is still all as it was before. Is that correct?

Ms Rankin: That is right.

Senator WHISH-WILSON: I would like to ask a few questions on the Expert Panel on a Declared Commercial Fishing Activity Final (Small Pelagic Fishery) Declaration 2012. How much of the approximately \$860,000 that has been allocated has actually been spent on research activities?

Mr P Murphy: From the budget of \$880,000, expenditure to date is \$161,620.

Senator WHISH-WILSON: I think when I last asked, at the last estimates, it was \$109,000, so you have spent a little bit since then. I am interested, considering the reporting deadline is only six months away. Do you anticipate you will spend the rest of that on research? Is there something coming up that is going to take up the next 60 or 70 per cent of the allocation?

Mr P Murphy: It is really a matter for the panel to decide. So far, apart from the consultations that they have had with experts, they have commissioned three reports and there is more money than that contracted. So I think that the value of the contracts in total that are under contract is \$274,000, and there is another \$30,000 that deals with running the panel itself.

Senator WHISH-WILSON: So would you consider, then, that the original money was an overallocation compared to what you needed, considering it was new territory? Or is there still more work that needs to be done by the panel?

Mr P Murphy: The panel still has to write the report and make its own decisions about what further research it might need.

Senator WHISH-WILSON: So the original \$880,000—was that estimated by your department? Who put that together as the necessary funding for the expert panel to make the deliberations?

Ms Rankin: We understand it was the department, yes.

Senator WHISH-WILSON: The department, but who in the department?

Dr Dripps: My staff in the relevant division at the time provided advice to the minister of approximately what we believed might be necessary, based on our understanding of the costs of fisheries research and other matters, and then the government made an appropriate decision at the time.

Senator WHISH-WILSON: Could you give us an update on the progress? There are three reports that have been written, but considering this came up fairly quickly are you confident that you have the necessary funds in place and the expertise to make a declaration on the fishing activity?

Mr P Murphy: So far the panel has considered the substantive submissions that were received through the consultation on the declarations. They have invited the authors of those submissions to suggest additional experts from whom the panel could seek further advice. They have undertaken face-to-face interviews with key experts. They have considered all the written submissions and they have commissioned two literature reviews and a technical review to inform their assessment.

Senator WHISH-WILSON: So would it be fair to say that there have not been any studies done in the field, like EPM egg studies? Nothing like that has been required by the panel? A stock assessment would be one example.

Mr P Murphy: The stock assessments and the egg production model that you refer to—those sorts of things will be done by the fisheries management rather than the panel. The panel is looking at its terms of reference, especially in regard to the impacts on protected species and localised depletion caused by the activities of such a vessel.

Senator WHISH-WILSON: So you anticipate you will be able to report in time, by October? You will have your work completed?

Mr P Murphy: The panel's advice to us is they are planning on submitting the report by the due date, which is 22 October.

Senator WHISH-WILSON: But at this stage you can confirm that you are only allocating roughly \$300,000—\$274,000 plus the \$30,000—of the original \$880,000?

Dr Dripps: No, I do not think that is what the officer said.

Senator WHISH-WILSON: Sorry, that is the way I interpreted it. You said you had contracts in place for \$274,000.

Dr Dripps: That is right, and the panel is still operating, so it is open to the panel the commission or undertake further work in the period that is available to them.

Senator WHISH-WILSON: Is that period until October?

Dr Dripps: That is when they are scheduled to deliver their first report to the minister, yes.

Senator WHISH-WILSON: So the money does not need to be spent by October?

Dr Dripps: There are two declarations, both of which have different dates of expiry.

Senator WHISH-WILSON: One was the transshipment—is that correct?

Dr Dripps: That is correct. The second declaration relates to transshipment.

Senator WHISH-WILSON: So you will be spending the rest of the allocation on looking at transshipment?

Dr Dripps: You are asking us to conjecture about a future that has not yet occurred. I think we have answered the question.

Senator WHISH-WILSON: A future that has not yet occurred? This is a fishing activity you have been asked to look at.

Dr Dripps: I think we have answered the question as best we can. We have allocated a certain proportion, we have an intention to allocate a certain other proportion in the not-too-distant future, and it remains open to the panel to allocate further resources to further studies during the period that they operate.

Senator WHISH-WILSON: In what period will they operate? When will they wind up? Has that been decided, or is it ongoing?

Dr Dripps: There are two declarations. The first one expires in October—

Mr P Murphy: The second declaration expires in April 2015. A panel to conduct a review under that declaration has not yet been established.

Senator WHISH-WILSON: So where did you get the idea that you needed this extra funding for a panel that you have not yet put in place—unless you are saying what you have spent already is sufficient for the first declaration.

Dr Dripps: We do have a panel in place for the first declaration.

Senator WHISH-WILSON: I asked about the second declaration. You just said you have not yet got the panel in place for the second declaration.

Mr P Murphy: That is right. A panel has not yet been established for the second declaration, but there is potential for the funding to be used by that panel.

Senator WHISH-WILSON: There is potential for the funding, but it is something you have not yet considered?

Dr Dripps: We are guided by the panel to establish their priorities.

Senator WHISH-WILSON: My line of questioning is pretty obvious. I want to know if you have spent all the money, if that is what you needed for resources. It is a pretty important thing that you are doing. When I asked you three months ago, you had only spent \$100,000 of the \$880,000 that was allocated; and now you have spent \$161,000 with only six months to go. Are we getting bang for our buck?

Dr Dripps: As I said, we are guided by the expert panel about what they think we should be spending the money on and what research should be commissioned. It is not a decision for us to go out and commission research to allocate and spend all the funding. If the panel are confident that they can make considered, expert, independent advice to the government based on the research that they have commissioned to date, and it cost less than \$880,000, then—

Senator WHISH-WILSON: So be it.

Senator RUSTON: I would like you to list the Green Army projects in the states. Obviously I am interested in the projects that have been committed to in South Australia and the potential impacts of those programs upon the environment. You do not need to answer that now. Could you give us a quick outline on a few of the initiatives that the government has suggested that it would like to prioritise in relation to steps with the Tasmanian devil recovery project. Do you have any information on that?

Mr Sullivan: Are you asking for details around the Green Army projects?

Senator RUSTON: I am interested in the Green Army projects that have been committed to in the states—and I am sure there is a piece of paper somewhere that says what they are. I am particularly interested in the South Australian projects. You can take that on notice. I do not expect you to sit here and list every one of them.

Mr Sullivan: We can take that on notice.

Senator RUSTON: My next question is specifically in relation to the Tasmanian devil recovery program—how that is tracking along, what we are spending on it and what outcomes we are hoping to achieve.

Mr Andrews: Funding of up to \$3.3 million was agreed to by Minister Hunt last month and announced for the Tasmanian devil conservation work in 2013-14. That will be delivered through a grant to the Tasmanian Department of Primary Industries, Parks, Water and the Environment to increase support for the Save the Tasmanian Devil program. That program is addressing the facial tumour disease. Funding will be used to fence off areas of high priority devil habitat to form sanctuaries for disease-free populations—creating what we call insurance populations and also allowing for better monitoring and management of the species.

Senator RUSTON: The \$3.3 million is new money?

Mr Andrews: Yes.

Senator RUSTON: What action is being taken to deliver on the protection plans for the turtle and the dugong, two really important marine animals?

Mr Sullivan: There are two parts to that, and one of those relates to Ms Rankin's work with respect to commitments through the election with respect to the \$2.5 million turtle and dugong plan. There is also work, which the government announced last week, related specifically to turtles and feral pigs. This is \$7 million of matched funding between the Australian government and the Queensland government and it is designed to better protect turtle eggs, hatchlings and habitat. Science and monitoring indicates that, in some nesting sites, up to 90 per cent of turtle eggs are lost due to feral pig predation. This is a way to better control feral pigs but also to promote increased survivability rates for turtles. Ms Campbell might have more information on that.

Ms Campbell: The programs will look at aerial baiting, ground baiting and asset protection—fencing turtle nesting sites—on both the west and east coasts of Queensland.

Senator RUSTON: Obviously if you got a 90 per cent loss rate we need to do something in a reasonably big hurry. So what is the duration of that program?

Ms Campbell: Four years.

Senator RUSTON: So the \$7 million is available over four years?

Ms Campbell: Yes.

Senator RUSTON: Okay. I look forward to speaking to you at future estimates to see how you are going.

Mr Sullivan: Mr Richardson might want to add something about the turtle and dugong protection plans.

Senator RUSTON: I assume this is part of the Reef 2050 plan.

Mr Richardson: Yes. The dugong and turtle protection plan is one element of the Reef 2050 plan, which was an election commitment. It includes various elements that will contribute to the conservation of the dugong and the turtle, largely around Northern Australia. This is one of the commitments that will be going through the budget process before we get confirmation of the streaming of the money et cetera. But the announced elements that we are expecting it to cover off on are \$2 million for a specialised Indigenous ranger program; \$2 million for an Australian Crime Commission investigation into poaching and illegal take of dugong and turtle; the tripling of penalties for poaching and illegal trade of turtle and dugong under both the GBRMP Act and the EPBC act, which is already being implemented through parliament as we speak; some money for marine debris clean-up; some money to support the Cairns and Fitzroy Island turtle rehabilitation centres; a national protection strategy for marine turtles and dugong; and working with Indigenous leaders towards an initial two-year opt-in moratorium on the taking of dugong.

Senator RUSTON: Thank you very much.

Senator STEPHENS: I want to go more broadly to that program of sustainable management. You have spoken about the dugong protection program, the linkages with the Australian Crime Commission and the legislation about tripling the penalties. Has the department come to an estimation of what revenue the penalties may generate?

Mr Richardson: No, that has not been factored into our thinking.

Senator STEPHENS: Can you give the committee an indication of how many people have been charged and prosecuted under the previous regime—which might indicate what revenue is generated from penalties and whether or not they are a disincentive.

Mr Richardson: We are talking about two different pieces of legislation. I will speak about the EPBC Act. I am not aware of any prosecutions for illegal take of, or trade in, dugongs and turtles.

Senator STEPHENS: Anything other than the dugongs and turtles?

Dr Dripps: We can take on notice the provision of information relating to the GBRMP Act and also draw together recent information that was provided to this committee in inquiring into that bill.

Senator STEPHENS: Thank you, and I can go back to the *Hansard* and have a look as well. More broadly, regarding the Environmental Stewardship Program, I have heard lots of discussion about the Tasmanian Forestry Agreement and the implementation package. I am interested in their grants to voluntary environment, sustainable and heritage organisations and the role of the green army in the government's direct action on climate change and where the green army might make an impact. There is a significant investment in the forward estimates for the green army. Can you provide the committee with any additional information around how the green army is to be mobilised and activated and where this expenditure is going to be incurred?

Mr Thompson: I will turn to Ms Lane to answer that question in detail. In your lead-in to the question you named a number of different programs, but we will focus on the green army for the time being.

Ms Lane: The way the program is designed to work is that there will be a tender process quite shortly to identify one or more service providers, which will have responsibility for recruiting participants and deploying green army teams to projects, paying participants, managing their welfare et cetera. Separate to that, there will be a process for selecting green army projects, to which the green army teams will be deployed by the service providers. That process will be managed by the department through a separate or dedicated set of project selection guidelines. The successful applicants for that process will then be connected to the service providers for delivery of those green army projects.

Senator STEPHENS: If you could provide on notice any more detail about the scope and the arrangements of that program, that would be very helpful for the committee, particularly in relation to what additional training will be part of the green army beyond things like occupational health and safety.

Ms Lane: Sure. There is quite a bit more detail than what I have just given to you outlined in the draft statement of requirements, which we circulated in January for consultation. That does give quite a lot of detail around how the program is proposed to be operationalised and does include some information about training. That is probably the best document to look at.

Senator STEPHENS: If you could provide just the details to the committee around the time frames, that would be helpful. Is that publicly available?

Ms Lane: Yes.

Mr Thompson: It is on our website.

CHAIR: The committee will suspend. Outcome 1.1 is completed, thank you. We will return with outcome 1.2.

Proceedings suspended from 21:18 to 21:34

CHAIR: Welcome back ladies and gentlemen. We now have officers from the department in relation to program 1.2—Environmental information and research. We will kick off with Senator Whish-Wilson.

Senator WHISH-WILSON: Thank you, Chair. I have some questions relating to whaling surveillance. Can you confirm what I think the Antarctic Division told us this morning that only one surveillance flight has taken place this whaling season.

Ms Petrachenko: Yes, Senator, I can confirm that there has been one flight using the A319 aircraft through the Customs and Border Protection Service.

Senator WHISH-WILSON: Can you give us an idea of how long that flight lasted for and the type of area that they covered.

Ms Petrachenko: In terms of operational details, that is something that is something that should be directed towards Customs and Border Protection.

Senator WHISH-WILSON: Okay, so you can't answer any questions as to what type of surveillance equipment they used.

Ms Petrachenko: No, I can't.

Senator WHISH-WILSON: Okay. Can you give us an idea of cost?

Ms Petrachenko: Yes, I can—\$ 93,248.

Mr Thompson: Senator, just to add to that: that cost is for the use of the aircraft; it is exclusive of any cost that the Australian Customs and Border Protection Service might incur.

Senator WHISH-WILSON: So that is the total cost for leasing the aircraft for a period of time or just for the one flight?

Mr Thompson: Your question was how much did that flight cost, and that was—

Senator WHISH-WILSON: So that was just for that one flight. Who staffed that plane? Was that Customs officials or did you have someone from the Environment?

Ms Petrachenko: No, there was no-one from the Department of the Environment there; it was manned by Customs and Border Protection.

Senator WHISH-WILSON: So what sort of arrangements did you have in place for them? Do they report back to you the details of how often they, for example, spotted the whaling fleet or how many dead whales they saw in the water? How was it supposed to work?

Ms Petrachenko: The charter arrangements are through our department with Customs and Border Protection Service, so they are in charge of the operation. So that is as simple as it is. And at the end of every operation there is normal debriefing with people who have been involved in the operation.

Senator WHISH-WILSON: So your department would get a debriefing but you cannot divulge the details of those debriefings?

Ms Petrachenko: I think for all the operational questions it would be most appropriate to go to Customs and Border Protection.

Senator WHISH-WILSON: Were you happy that it provided a disincentive to the Japanese whalers to enter Australian territorial waters or the whale sanctuary?

Mr Thompson: I think that is a question asking for our opinion or our feelings towards it. We saw the flight as meeting the government's commitment.

Senator WHISH-WILSON: Is there any reason why only one flight has taken place?

Mr Thompson: As Ms Petrachenko said, for operational reasons we don't go into details of this.

Senator WHISH-WILSON: So you don't have any idea how many whales have been killed, for example?

Ms Petrachenko: What happens every year on that front is the Japanese are required to report the number of whales that they kill.

Senator WHISH-WILSON: Correct.

Ms Petrachenko: They do that at the end of the season at the Whaling Commission meeting, which will be held in Slovenia in September this year.

Senator WHISH-WILSON: Did you have discussions with other non-Customs-related departments about, for example, using an Orion aircraft or something that had a longer capability?

Ms Petrachenko: I am not an expert at all in what is the most appropriate vessel, aircraft or whatever for this type of operation—so, again, I have to say that would be a question for Customs and Border Protection.

Senator WHISH-WILSON: I understand Minister Hunt met with the Japanese ambassador before the whaling season. Are you aware of the details of the discussion—whether, for example, rules of engagement were discussed with the Japanese ambassador?

Ms Petrachenko: It is regular for officials as well to meet with the Japanese. For example, one of the most important aspects is safety at sea—that is what this is all about. There was a communique issued in conjunction with other countries—New Zealand, the Netherlands and the United States—reminding all parties of the importance of safety at sea, and we delivered those messages here and in Tokyo.

Senator WHISH-WILSON: I understand. However, speaking to those on the *Sea Shepherd* this morning, they were not convinced about their safety at sea at the moment, and there is certainly no aircraft or Australian presence where they are.

Senator Cormann: We cannot answer the fears of the *Sea Shepherd*.

Senator WHISH-WILSON: Fine. The previous government promised in July 2013 an extra \$6 million for whale research. Is this still going to occur? Are you still committed to that ongoing funding?

Ms Petrachenko: There is funding in the forward estimates for \$505,980,000. That money is being expended this financial year and there is yet to be any decision on a future work program.

Senator WHISH-WILSON: In terms of the costs that you mentioned for the first surveillance flight, what have you got in the kitty for other flights? Do you expect there will be other surveillance flights?

Ms Petrachenko: I think Mr Thompson referred to that this morning.

Mr Thompson: This morning in table 1.2. There is an amount there that provides for that. That is a budgeted amount; it is a contingency amount; it does not say how many flights there will be.

Senator WHISH-WILSON: Have you been contacted today by *Sea Shepherd* requesting an additional flight, given the violence that occurred last night?

Ms Petrachenko: I have not.

Senator URQUHART: Can you provide the committee with an update on the whaling case that is currently in the international court?

Ms Petrachenko: As I think I reported at last estimates, the case was heard in the Hague in June and July. The hearings finished on 16 July and the court is currently deliberating. In terms of timing for the judgement, we are totally in the hands of the court.

Senator URQUHART: How long would they usually take—do you know?

Ms Petrachenko: It varies on cases. My understanding from what the Attorney-General's Department has indicated, it also varies. For example, if other countries have cases that require provisional measures, they have to go into the court, so that affects the timetable.

Senator URQUHART: I would like to ask a question on the National Environmental Research Program. Can you confirm that the National Environmental Research Program has 107 projects?

Mr Flanigan: The environmental research program funds five research hubs around the country: one in North Queensland, one in Darwin, another one based mostly out of Brisbane in Queensland, and two based out of Tasmania in partnership with the Tasmanian university. Each of those hubs has a program of work that they are contracted to deliver. I am afraid I do not have the details before me that would confirm, but there are 107 individual projects. As I say, each hub has a number of programs and projects that they run with individual researchers and scientists operating each of those projects.

Senator URQUHART: Would you be able to take on notice and confirm the number of projects but also a full list of those projects? Could you provide that on notice?

Mr Flanigan: I think we could do that.

Mr Thompson: To put some context around that, the portfolio budget statement from the last budget did include a deliverable of 102 research projects co-funded with other agencies, so that figure would be in the ballpark, with 376 researchers to be funded through the program.

Senator URQUHART: If you could provide that full list, that would be fantastic.

Senator WHISH-WILSON: I would like to ask a little bit more about the aircraft, the Airbus A319. You mentioned the cost. Was that a lease arrangement?

Ms Petrachenko: Yes, it is a charter lease arrangement.

Senator WHISH-WILSON: Was it tendered out at all or was it just a negotiation, because you have worked with Customs or they would have been in the best position to provide the staff and personnel?

Mr Thompson: We are piggybacking on the lease, or using the lease effectively, that our Antarctic Division has with a private company, and that was tendered some years ago. It is an ongoing arrangement.

Senator WHISH-WILSON: Can you give us an idea of the procedure if the boat spots a Japanese whaler? Who is alerted? Does it go directly to you guys or does it go to the secretary of the department or the minister?

Mr Thompson: You are asking us to go into details of operations which I am actually not even privy to, let alone able to share. In detail, as Ms Petrachenko said, the flight occurred, and we were debriefed afterwards.

Senator WHISH-WILSON: Mr Thompson, you mentioned a little bit earlier that you met the commitment, or perhaps you said 'a commitment'. Senator Cormann, my understanding was that the commitment of your government going into the election was to send a Customs vessel, the *Ocean Protector*, to the Southern Ocean. That was your official election commitment. I am a bit confused.

Senator Cormann: If I can help you with your confusion, I probably would have to seek the assistance of Minister Hunt, so I will refer that question to him.

Senator WHISH-WILSON: You are not aware that you had an official policy—

Senator Cormann: I am aware of the commitments we made and I am also aware that we made the announcement in relation to that particular flight, and the flight took place, but for all of the circumstances behind it I think it would be better if I referred that question to Minister Hunt.

Dr de Brouwer: I do not know whether it helps, Minister, but Minister Hunt put out a press release on 13 January in which he talked about using the aircraft as a way of meeting the government's commitment to monitor activities. He highlights that it is a remote and extensive area, so aircraft are easier to use on that basis, and it allows the government to monitor ships in what is a spread fleet, which is much harder with an ocean vessel. So that is the rationale, which the minister has said publicly—to deliver the spirit of that commitment by using an aircraft, which has greater flexibility in those distances.

Senator Cormann: Essentially, we get better bang for our buck.

Senator WHISH-WILSON: I understand why you might say that. You may feel that I was asking for your opinion in my earlier question, but there is a very important operational issue here. Has it provided a disincentive for whaling, which is deemed illegal under Australian law? It is great that we are doing work in international courts, but if we had sent a Customs vessel, which would have been required to turn the Japanese whaling fleet back—

Senator Cormann: Except it is a very large area and you cannot necessarily cover the same—

Senator WHISH-WILSON: Sure. So I suppose I could ask the question in a different way: do you believe you have succeeded in your role in the environment department in stopping illegal whaling in the whale sanctuary or in the Southern Ocean this year?

Ms Petrachenko: I will refer to the previous question of your colleague, which refers to the case in the international court. The way the system works under the International Convention for the Regulation of Whaling is that, under article 8, Japan issues itself permits. Australia does not view that what Japan is doing is scientific; it views it as commercial in nature. As a result the government decided to take Japan to court, and we are awaiting that judgement now.

Senator WHISH-WILSON: I do not know whether I can ask you this, but I can seek the minister's advice on where I can get an answer. If the decision is made in our favour, does that mean that next year we will take stronger action, like sending a Customs vessel?

Senator Cormann: That is again asking us a hypothetical question. We will cross that bridge when we get there.

Senator WHISH-WILSON: Sea Shepherd claim they are doing the government's work for them, and I am actually quoting Minister Hunt's words exactly from the last few years, in that we should be doing our own work—and that is why he had a very clear policy on sending a Customs vessel to provide a very strong disincentive.

Senator Cormann: Sea Shepherd are doing what they choose to do. Nobody forces them to do what they are doing.

Senator WHISH-WILSON: And they would be the first to admit that, Senator—that they do it to save whales, because someone has to do that. I suppose it begs the question: is it our responsibility, considering how strongly this issue is felt in this country and what great work has already been done through the courts, including the Federal Court?

Senator Cormann: We are doing the best we can within the constraints of the resources we have got. We do our best to have the best possible impact.

Senator WHISH-WILSON: If the customs vessel wasn't off Christmas Island, acting as a water taxi in Operation Sovereign Borders, would we see it down in the Southern Ocean patrolling for illegal fishing?

Senator Cormann: You are well and truly stretching beyond the environment portfolio now, but I am happy to indulge you. The point I would make is the reason we have made such strong commitments to stopping the boats is that we did not want Navy and Customs vessels to be used as water taxis to bring effectively illegal maritime arrivals to Australian shores. The reason we are pursuing the strong border protection policy that we are is because we wanted to put a stop to that situation.

Senator WHISH-WILSON: While I respect your comments, if you were pursuing strong border activities you would also be protecting the Southern Ocean.

CHAIR: We are not dealing with immigration here.

Senator WHISH-WILSON: It is very important, so if I could perhaps explain that. This boat is an ice rated design for the Southern Ocean; it had a job to do and it cost the taxpayer \$150 million. The Liberals went in with a strong policy to send it to prevent illegal whaling and also to monitor illegal fishing—that was also a very clear policy of the Liberal Party—both of those promises have been broken, because the boat is being used up in the tropical waters off Christmas Island.

Senator Cormann: I do not accept that a promise has been broken. We are implementing it in a different way. Having taken all of the advice that one has access to in government, we are implementing the commitment we made in a different way.

Senator WHISH-WILSON: Have you considered a different boat, perhaps?

Senator Cormann: You are now stretching my area of expertise. Maybe somebody at the table will be able to assist you.

Senator WHISH-WILSON: It is directly related to stopping whaling, let's be honest.

Ms Petrachenko: I think that is what I referred to previously, that those types of decisions and the choice of appropriate vessel type were made with advice. It would have been operational information, and the decision was made by the government.

Senator WHISH-WILSON: If I could say to that, we had a very clear indication from Minister Robb last week that the reason the customs vessel wasn't sent was because of the free trade deal with Japan. They did not want to cause the diplomatic incident. That actually puts it in an entirely new light. Government decisions come from all sorts of departments.

Senator Cormann: With all due respect, I won't take your word for what Minister Robb said.

Senator WHISH-WILSON: It was a direct quote in the media and I am happy to provide it for you.

[21:52]

CHAIR: We will now move to program 1.3 Carbon pollution reduction.

Senator PRATT: I want to begin by asking some questions about the land sector initiatives. Are you able to tell the committee where the \$1.4 million cut from the Biodiversity Fund in MYEFO will come from?

Mr Sullivan: I am wracking my brain trying to think where the figure of \$1.4 million came from.

Senator PRATT: I can give you a little bit of the history. There was the \$1 billion Biodiversity Fund over six years; it had been previously reduced. In MYEFO it was cut by a further \$1.4 million over four years.

Mr Sullivan: Thanks, Senator. I have done the figures now. That was a project that was previously approved. My recollection is that it was a project in South Australia. It was selected on the basis of significant co-investment and partnerships, which did not eventuate. Because of those partnerships not being forthcoming, the project could not proceed. That individual line which appears in the agency additional estimates statement reflects that project that had previously been approved.

Senator PRATT: So it was funding from a project previously committed in the second round but not contracted—is that right?

Mr Sullivan: No, it had been contracted. Through the contract negotiations, it became evident that the project partners that had been put in place as part of the project bid could not fulfil their part of the commitments. These projects often rely on co-investment, both in kind and financial contributions. So, based on the contract negotiations, it was deemed that the project was not viable given the changes in circumstances.

Senator PRATT: Are you able to tell us what that project was?

Mr Sullivan: I would have to take that on notice. My recollection is that it was in South Australia, but I am happy to take that on notice and give you the details.

Senator PRATT: That is no problem. Thank you, Chair. That is all I had on the land sector initiative.

CHAIR: That completes 1.3. Thank you.

Climate Change Authority

[21:57]

CHAIR: Welcome. Ms Harris, would you like to make opening statement?

Ms Harris: No, Chair.

CHAIR: Senator Pratt, you have the call.

Senator PRATT: The emissions reduction target review, which you are conducting, is due very shortly. Are you able to update the committee on any progress since the draft report?

Ms Harris: Certainly. Since we last appeared, we have been working on our final report. Our final report is actually going to be released on Thursday. The legislation requires it to be completed by 28 February. It will be released on Thursday. Since the draft report, we have been undergoing further consultations and we have been conducting further analysis. We received 138 individual submissions, plus over 12½ thousand submissions through a GetUp! campaign. That and a number of other research pieces were taken into account to arrive at our final recommendations.

Senator PRATT: Terrific. What is the Climate Change Authority's understanding, in terms of the assessments it has done, of how successful Direct Action will be in achieving our emissions reduction target?

Ms Harris: The draft report certainly made it very clear that the authority was not speculating on the design of the Direct Action arrangements. Certainly, for the final report, we have not done any further quantitative analysis about the Direct Action policy. There is still quite a lot of development work on that policy going on and we certainly have not tried to pre-empt that by presuming what its final form might take.

Senator PRATT: So you are essentially saying that there is not enough policy detail available to do that work.

Ms Harris: Certainly we would be speculating a good deal if we were to say in any kind of definitive sense that baselines will definitely be set in this way for either crediting or the safeguard mechanism.

Senator PRATT: So you are required to do your emissions reduction target review, but of course you are doing that in a bit of a policy-free zone at the moment.

Ms Harris: We have certainly taken the view that, regardless of what policies are in place, Australia needs to have targets that those policies would be striving to achieve. There are a number of factors that we wanted to take into account in making those recommendations, so we have certainly taken that broad set of arrangements into account when making those recommendations. We have certainly tried to identify, as we had done in the draft report, where there may be opportunities to reduce Australia's greenhouse gas emissions, and we hope that that information might be useful to the government in forming its final design of the Direct Action Plan.

Senator PRATT: Terrific. Let us hope the government does look at that useful work done by the Climate Change Authority. Can you describe any elements of the Carbon Farming Initiative that you are looking to recommend or adjust?

Ms Harris: No, we have not formally commenced a review of the Carbon Farming Initiative at this stage. We have commenced a research program, but I would not want that to be characterised in any way, shape or form as what the legislative requirements are for a legislative review of the Carbon Farming Initiative. So that work has not commenced. What we have been doing is trying to have a look—it is in the nature of a research project, not a report that is going to have recommendations—at experience under the Carbon Farming Initiative as well as a number of arrangements in other countries and what kinds of lessons we have learnt from schemes like this that might be useful going forward for the Direct Action Plan.

Senator PRATT: Thank you. That is useful. In relation to the government's announcement that a review of the RET would not be undertaken by the Climate Change Authority, can you explain how that is possible given that you are mandated legislatively to conduct such a review.

Senator Cormann: Sorry. You are asking for an opinion in relation to a decision that was made by the government, which the government has announced and for which the government takes responsibility. I do not think that you can ask Ms Harris to express an opinion.

Senator PRATT: The Climate Change Authority is an independent organisation, and I am sure they will answer—

Senator Cormann: You are asking for an opinion here in relation to a decision that the government has made deliberately and consciously, for which we take full responsibility and which we went through before.

Senator PRATT: I was simply asking the Climate Change Authority about their own legislative—

Senator Cormann: No, you were asking about how the government could make a certain decision.

Senator PRATT: I was asking about the relationship between the Climate Change Authority's legislative responsibility to conduct that review and the other reviews going on.

Senator Cormann: If you want to rephrase your question and direct it—

Senator PRATT: I have rephrased the question.

Senator Cormann: I do not think you have rephrased it quite enough. The Climate Change Authority cannot answer questions in relation to the motivations of the government. They can answer questions in relation to, obviously, their activities and their responsibilities under the act.

Ms Harris: What I can say is that we do have legislative responsibilities at present to conduct a review. That review was not due until 31 December. What I can say is that the Climate Change Authority has not commenced that review.

Senator PRATT: So you have not commenced—

Ms Harris: We have not commenced a formal review of the renewable energy target. What we have commenced, in the form of releasing a request for tender, is some work which could be described as coming under our broad legislative ability to conduct research on matters relating to climate change and some work in relation to the electricity sector. But I would not want this to be described—as it has unfortunately been described in some newspaper articles—as our own review of the renewable energy target. It is not that. We are commencing some research work, which is not the same as a review of the RET under the act.

Senator PRATT: So what, currently, are your statutory obligations under the act to review the RET?

Ms Harris: The act requires that we undertake a review of the legislation and the regulations by 31 December this year and every two years.

Senator PRATT: I know it is government policy that the CCA be abolished. However, you have not yet been abolished, so are you preparing for a review of the RET as mandated?

Ms Harris: We are not starting that review at this current time. You would appreciate that it is a difficult time to be planning how to make a useful contribution given the inherent uncertainties about the longevity of the Climate Change Authority. The authority members are very keen to make sure that the Climate Change Authority makes a constructive contribution to the public debate in the area of climate change policy. The work we have commenced doing is meant to do two things. It is a research program that we hope will be useful and a constructive contribution in the current environment. Also, if we were not abolished, it would be preparatory work that would be helpful in making sure we could deliver on our statutory review requirements by 31 December.

Senator PRATT: If you were not abolished—

Senator Cormann: 'If you were not abolished'—that is a hypothetical question.

Senator PRATT: It is not a hypothetical.

Senator Cormann: 'If'.

Senator PRATT: If the laws continue to exist—which is a real possibility, Senator Cormann—how will you meet your statutory obligations, Ms Harris?

Ms Harris: We would conduct a review. The review requirements in the legislation do not include, it is fair to say, detailed terms of reference. They do require us to look at the act and the regulations. They do require us to consult. We would of course make sure that those requirements are met. We do not have detailed timing for an issues paper, a draft paper and all of those sorts of arrangements at this stage.

Senator Cormann: What I would suggest, Senator Pratt, is that if the hypothetical—

Senator PRATT: It is not a hypothetical. These are the current laws—

Senator Cormann: It is a hypothetical. If—

CHAIR: Order! Senator Pratt, the minister has the call.

Senator Cormann: If you are interested in pursuing this hypothetical line of questioning—

Senator PRATT: It is not a hypothetical line of questioning.

Senator Cormann: If you would just let me finish.

Senator PRATT: It is a statutory obligation of this organisation to undertake a review.

Senator Cormann: You are talking about a time in the future when something you are suggesting may or may not happen. The right time to ask these sorts of questions is at the estimates in the second half of 2014 when we actually have some facts in front of us—what the actual situation is. At the moment, you are inviting officers of the Climate Change Authority to speculate about what or what might not happen in certain circumstances which you are suggesting may or may not happen.

Senator PRATT: As the officers at the table have rightly highlighted, they have had to work through the best way they can acquit their responsibilities under the act should they continue to exist. It is not a hypothetical.

CHAIR: Do you have a question?

Senator PRATT: How successful has the RET been, in the Climate Change Authority's view, in driving renewable energy generation in Australian and cutting carbon pollution?

Ms Harris: To date, all of the targets that have been set under the renewable energy target have been met. So the quantities of renewable energy that have been required have all been delivered. The renewable energy target has also made a significant contribution in reducing greenhouse gas emissions. The review the Climate Change Authority published in December 2012 highlighted projected continuing reductions in greenhouse gas emissions that we estimated would be contributed by the renewable energy target.

Senator PRATT: Are you able to explain the effect of the RET on wholesale electricity prices in Australia?

Ms Harris: Yes. The renewable energy target adds renewable energy to the system. That renewable energy tends to have very low marginal cost. That means that when generators are bidding for marginal production they can generally bid in at very low prices. That tends to have the effect, if any, of suppressing wholesale prices compared with what they might otherwise have been. The extent of the effect of wholesale price suppression is a matter of estimation. You can never say precisely what it was after the event. You can never observe the counterfactual. So what we did in the RET review when we were estimating what costs, for example, to households might be because of the RET was put our estimates at two extremes: one with the full price suppression impact going on and one with none. That was not because we thought there would be no wholesale price suppression—wholesale price suppression is a very likely outcome—but so that there were two bookends of that spectrum. So, at worst, if there were no wholesale price suppression when you are looking at the impacts on final retail prices, that could be taken into account.

Senator PRATT: Have you been asked to provide advice to the government on the progress of the RET, and, if so, what is that advice?

Ms Harris: No, we have not been asked to provide that advice.

Senator PRATT: Have you provided advice to government departments on the RET in the last five months?

Ms Harris: No, we have not been asked to provide advice on the RET.

Senator PRATT: Have you put forward the information that you have about the impact of the RET on wholesale electricity prices to the other review that is going on?

Ms Harris: We do not have any new information as yet, besides what was prepared for our 2012 review. That is all certainly in the public domain. The modelling reports, the assumptions and the spreadsheets with the results are all in the public domain and on our website.

Senator PRATT: So you would not know if the other review of the RET that is going on would take account of that information or not?

Ms Harris: That would be a question for them

Senator PRATT: Thank you.

Senator RUSTON: I refer you to an article that was in the *Financial Review* on 20 February, so last week. It suggested that your authority had commenced a review into the electricity market. Can you explain what that review is about?

Ms Harris: Certainly. This is the work that I was discussing previously. It is a research study into potential options for what abatement policy might look like in the electricity market. As I said, this is not a review of the RET. We are not undertaking a separate RET review at this time somehow in competition with the government's own review of the RET. It is a research piece responding to the fact that when the *Emissions reduction fund* green paper came out it said that the treatment of the electricity sector was not yet decided and that that would be something that would be decided later and something to be thought about in conjunction with the review of the renewable energy target. Of course, those things do need to be thought of together. That is all one sector, and you cannot think about the treatment of the renewable energy target without thinking about what other abatement policies might be going on.

Senator RUSTON: So it is not something that has been driven by the legislative requirement for the RET review, it is something separate?

Ms Harris: It is something separate. It is actually related to two things. It would be useful preparatory work in the event that the authority needed to fulfil its legislative requirement to conduct a review of the renewable energy target by 31 December. Also, the authority has its own statutory ability to conduct self-initiated research into matters relating to climate change. So this work really falls under both of those headings. It is preparatory work

for a potential statutory review and work in its own right permitted under the authority's own ability to conduct its own research.

Senator RUSTON: When was it decided to undertake this review?

Ms Harris: This was something that the authority discussed at its last board meeting in February.

Senator RUSTON: So it is a very recent decision?

Ms Harris: Yes.

Senator RUSTON: You say February, and it is February, so it was just a few weeks ago?

Ms Harris: Yes. It is something that we had been thinking about for a number of reasons. Again, there is a question mark—I cannot think of a single study that is in the public domain that says, 'Well, in the electricity sector you could think about option A, option B, option C—

Senator RUSTON: I get all that. I just wondered when you had actually decided to do it. Can I assume from your response to that that it was a self-commissioned review?

Ms Harris: Yes.

Senator RUSTON: The Climate Change Authority undertook at its board meeting in February, despite the fact that it had been very clear that the intention was for the Climate Change Authority to not continue, to self-commission a study into the electricity market. Is that fair?

Ms Harris: The authority has not yet been abolished; we still exist.

Senator RUSTON: I understand that. So you self-commissioned this; there was no outside directive, there was no government request. You just decided at your board meeting that you would undertake this review?

Ms Harris: Yes.

Senator RUSTON: Do we have an idea of the kind of cost this review is likely to—

Ms Harris: This is currently a request for tender in the public domain, so we have not received bids at this stage and we have not assessed those bids so, no, I cannot give you a final costing. It would of course be made public when it is.

Senator RUSTON: So is this contained within your existing budget?

Ms Harris: Yes.

Senator RUSTON: When you say you are tendering for bids for it, you would be seeking for outside organisations to actually undertake this review on your behalf?

Ms Harris: Just the modelling components. What we are seeking to do is to have some modelling to help feed into this piece of research work; that is something that we are tendering for at the moment. But not to conduct the entire piece of research for it.

Senator RUSTON: Not that I expect you to reveal the details of your board minutes, but obviously your board has made the decision to undertake a review that is going to require expenditure on outside consultants, despite the fact that I think there is no question that the intention was to abolish the Climate Change Authority.

Ms Harris: Yes, we still have statutory responsibilities, and we still have a budget available to us, and—

Senator RUSTON: So you think you should just spend it because you have it available? So you are obliged by law to undertake this by December, when I would say it has been quite clear that the authority is likely to be abolished in July, because these guys are obviously hell-bent on it not being abolished before that. I suppose the question is what was the motivation about undertaking a completely new scope of work? I just do not understand what the motivation would have been to have undertaken this when it was quite clear that we were trying to wind down the operations of your authority. I just do not understand the motivation, I am sorry.

Ms Harris: I can say that the motivation was entirely to make a constructive contribution to the current policy debates. Currently there is a question mark about the treatment of electricity. There is no public discussion; as I said, there is no single study that you could point to that says, 'Here is option A, here is option B, here is option C, here is what they look like, here is what they cost, here is the effect on patterns of investment and dispatch', and that allows the public—as well as the government—to be debating those on some kind of equal terms. As I said, we are fully cognisant of the government's policy, and we have taken that into account by not commencing a statutory review at this time of either the renewable energy target or the carbon farming initiative.

Senator RUSTON: You will excuse me if I beg to differ that you have taken their policy into account; so thank you very much.

CHAIR: Ms Harris, was any figure thrown around at your boardroom about what this would cost? Surely it would not be \$500 million, and you would not think it would be \$500. Was there any figure suggested of what this might cost?

Ms Harris: We certainly had the example of the previous modelling that was undertaken for our previous renewable energy target.

CHAIR: What did that cost?

Ms Harris: I will get the exact number for you—I have \$138,000 in my head, but I will come back with the exact figure. I would say that we are out for a request for tender at this stage, so my concern would be that if we reveal it—

CHAIR: Fair enough.

Senator MILNE: Firstly, I just want to check that you are an independent statutory authority.

Ms Harris: Yes, that is right.

Senator MILNE: So can you explain to me why the government is entitled to a briefing before the release of the targets this Friday and no-one else from the parliament is?

Ms Harris: Our report was actually going to be released on Thursday. A short period before the report release, we will be providing a briefing to our minister. Our legislation requires that we provide a report to the minister and then, as soon as practicable thereafter, release that report publicly. In relation to the mode of the operation and the nature of briefings, as a new body when we were first established we did check with what we felt were the 'old hands' in operating in an environment like this and that was the Productivity Commission. That was because in a lot of ways what the Climate Change Authority does is really equivalent to what they do and we asked what their protocols were. As it turned out, they were long-established protocols. So we are really trying to model ourselves on the protocols that they have undertaken and our understanding is that they are longstanding.

Senator MILNE: I guess I have a different understanding of the role of an independent statutory authority. But, anyway, let us come to the matter at hand. I understand that, according to legislation, your function and role includes to conduct reviews into the operation of the Renewable Energy Target scheme, as per section 162 of the Renewable Energy (Electricity) Act 2000. Is that correct?

Ms Harris: Yes.

Senator MILNE: That is right. So it is a legal obligation that you do that and I understand the legal obligation is that review must be conducted and completed by the end of December this year. Is that correct?

Senator Cormann: We have previously gone through this.

Senator MILNE: Yes, I understand that. I just want to go back to it, though. How long, from start to finish, did it take you last time, in 2012, to do your review?

Ms Harris: We came into being on 1 July, which was a Sunday and which I remember very well because every day counted in trying to prepare that report, and we completed that report, which was released on 19 December. So we started on 2 July and completed our work on 19 December.

Senator MILNE: So it did take you the full six months and, presumably, you were doing overtime to do it in that particular time frame?

Ms Harris: That was actually at the time when we were trying to recruit staff, set up the office and do everything. It was a very difficult time to be conducting reviews, so I am not sure that that was or would be necessarily representative of what another review done very quickly after that would necessarily take with an established staff.

Senator MILNE: So, basically, given that you have to do one by 31 December, it is not unreasonable to think that you would start the economic modelling, or at least secure the economic modelling, by 3 March this year. Is that correct?

Senator Cormann: I am just trying to understand your logic here because I want to assist you, too. A new organisation, which came into being on 1 July, started the process on 2 July, at the same time as they were recruiting staff and finalising a report by 19 December. Your suggestion is that an established organisation with all of its staff in place is not able to start it after 1 July to get it finalised by 31 December? Is that what your proposition is?

Senator MILNE: I am suggesting that it is not unreasonable to start commissioning the economic modelling, which might give you the basis of the review that you will conduct and the report that you will provide by the end of the year.

Senator Cormann: The deadline is 31 December. Ms Harris has previously given evidence that the authority has decided not to commence this work just yet. The legal obligation is to finalise the work by 31 December. Given that a new organisation which was in the process of recruiting staff was able to do it in less than six months, I cannot see, in the event that what you seem to be suggesting does happen, where your logical leap—that it should start in March—comes from.

Senator MILNE: I will ask you then, Minister. When is your review going to start its economic modelling for the review of the RET?

Senator Cormann: We announced the review the other week. Minister Hunt and Minister Macfarlane were involved in the announcement. The secretariat for this review is in the Department of Prime Minister and Cabinet and we have publicly indicated that we expect that the work will be completed by the middle of the year. Can I assist you any further with this?

Senator MILNE: Yes, you can. Are you going to do economic modelling or not—or is there already a predetermined outcome?

Senator Cormann: We have the pre-eminent economic modeller in this area on the review. Dr Brian Fisher is an outstanding contributor in this particular field. I am sure that he will be able to assist the committee with whatever economic modelling will be required. I am willing to see, given that I am just the representative minister, whether either Minister Hunt or Minister Macfarlane can assist you further.

Senator MILNE: You may want to check what the Ombudsman had to say about Brian Fisher's economic modelling before you go bragging too much about it. I want to come back to the Climate Change Authority and the engagement it may or may not have with the government's RET review. Have you received any requests or anything in writing from the government with regard to cooperation with the review that they have established? Has the government sought any of your documentation, analysis, methodology et cetera from the 2012 review to assist them with their review?

Senator Cormann: We have gone through this and the answer to all of these questions was no.

Senator MILNE: I thought I was addressing an independent statutory authority. So I would like to ask Ms Harris to answer the question.

Ms Harris: No, we have not received any request for assistance.

Senator Cormann: Sorry, with all due respect, you were asking what the government had done and, on behalf of the government, I am making very clear what was made clear in evidence before this committee earlier: the government has not sought the information that you just listed from the Climate Change Authority. We have appointed a committee. We are conducting a review which will report by the middle of the year. The secretariat is located in the Department of Prime Minister and Cabinet, which would therefore be the agency to whom more detailed questions should be addressed.

Senator MILNE: I am going to ask Ms Harris now: have you had any requests or contact from any of the people who have been appointed to the RET review—any discussion with them about your previous review?

Ms Harris: We have had no requests from the people appointed to the panel. I note, however, that the previous analysis is all in the public domain, all of the modelling is in the public domain, all of its assumptions are in the public domain and all of its results are in the public domain. Of course the authority stands ready to answer any questions or explain anything about our prior work, but we have not had requests about that.

Senator MILNE: With the tender you have put out, can you explain to me the broader plan that it would be fitting into and what you would hope to learn from this commissioned work?

Ms Harris: It struck us, and it was acknowledged in the government's green paper on the Emissions Reduction Fund, that you do need to think about the treatment of the electricity sector more broadly in relation to emissions reduction policies and the renewable energy target. You need to think about those together. You do not know what the incremental effect and impact of the RET will be unless you know or make some sort of assumptions about what, if anything, the arrangements are for the sector under the Emissions Reduction Fund. Because that was left until a later point, it is difficult to try to think of the RET in isolation. What we are hoping to do is elucidate some options. We are trying to do this to help inform a public debate about what some of those options might be for not just the treatment of the RET but broader treatment of the electricity sector, including different treatments of the RET, simply because it is difficult to think of the RET in isolation in any sensible way.

CHAIR: That concludes the examination of the environment portfolio. I thank the minister and officers for their attendance.

Committee adjourned at 22:30