



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

ENVIRONMENT AND COMMUNICATIONS LEGISLATION
COMMITTEE

Estimates

(Public)

MONDAY, 24 FEBRUARY 2025

CANBERRA

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ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

Monday, 24 February 2025

Members in attendance: Senators Bilyk, Blyth, Cadell, Darmanin, Davey, Duniam, Grogan, McDonald, McKim, Payman, Barbara Pocock, David Pocock, Rennick, Roberts, Sheldon, Van and Waters

CLIMATE CHANGE, ENERGY, THE ENVIRONMENT AND WATER PORTFOLIO**In Attendance**

Senator Ayres, Assistant Minister for Trade, Assistant Minister for Manufacturing

Department of Climate Change, Energy, the Environment and Water**Executive**

Mr David Fredericks PSM, Secretary

Ms Kushla Munro, Deputy Secretary

Mr Simon Duggan, Deputy Secretary

Ms Rachel Parry, Deputy Secretary

Mr Dean Knudson, Deputy Secretary

Mr Sean Sullivan, Deputy Secretary

Ms Luise McCulloch, Deputy Secretary

Ms Lyn O'Connell PSM, Deputy Secretary

Corporate**Finance Division**

Ms Amanda Lee, Division Head

Ms Michelle Crowther, Branch Head, Financial Management Branch

Ms Rachel Harris, Branch Head, Financial Services Branch

Property, Infrastructure and Physical Security

Robert Hanlon, Division Head

Ms Jill Mand, Branch Head

Information and Communications Technology Division

Mr Grant Rebikoff, Acting Chief Information Officer

Legal (Chief Counsel)

Ms Kate Lalor, Chief Counsel

People Division

Ms Tim Spackman, Chief People Officer

Mr Nathan Hannigan, Branch Head, People Safety, Support & Wellbeing Branch

Ms Stephanie Bourke, Branch Head, Professional, Ethical Standards & Security Branch

Mr Andrew Oliver, Branch Head, People Branch

Portfolio Strategy Division

Ms Michelle Croker, Division Head

Ms Dana Sutton, Branch Head, Ministerial Liaison & Governance Branch

Ms Melina Saunders, Branch Head, First Nations Branch

Ms Miranda Lello, Branch Head, Portfolio Strategy & Integration Branch

Ms Anita Agett, Branch Head, Communications and Media Branch

Ms Claire Rochecouste, Acting Branch Head, National Security and International Branch

Outcome 1**Climate Change Policy, Adaptation and Risk Division**

Mr Jason Mundy, Division Head

Dr Nicole Mitchell, Branch Head, Climate Change Policy Branch

Mr Chris Johnston, Branch Head, National Adaptation Policy Office Branch

Ms Nicole Thomas, Acting Branch Head, Climate Active, Risks and Disclosures Branch

Electricity Division

Ms Kirsty Gowans, Division Head

Ms Electra Papas, Branch Head, Electricity Markets Branch
Mr James White, Branch Head, Branch Head, Consumer Energy Resources Branch
Ms Nadia Rosenman, Branch Head, Rewiring the Nation
Mr Paul Johnson, Special Adviser
Mr Ted Rogers, Acting Branch Head, NEM Review Secretariat
Ms Luana Cormac, Branch Head, First Nations and Clean Energy Facilitation Branch

Emissions Reduction Division

Ms Kath Rowley, Division Head
Mr Matthew Ryan, Branch Head, Land and Transport Branch
Ms Kate Lea-Perry, Branch Head, Carbon Crediting Branch
Mr Andrew Hutchinson, Branch Head, Net Zero Taskforce
Ms Alannah Pentony, Branch Head, National Inventory Systems and International Reporting Branch

Energy Performance and Security Division

Ms Clare McLaughlin, Division Head
Dr Kate Boston, Acting Branch Head, Energy Performance Strategy Branch
Mr Chris Videroni, Branch Head, Home Ratings and Disclosure
Mr David Atkins, Branch Head, Industrial and Buildings Energy Performance

Gas and Liquid Fuels Division

Ms Paula Svarcas, Division Head
Mr Cris Cano, Branch Head, Liquid Fuels Strategy & Security Policy Branch
Mr Hew Atkin, Branch Head, Gas Markets Branch
Mr Andrew Pankowski, Branch Head, Gas Infrastructure Planning & Policy Branch
Ms Jennifer Anne, Branch Head, Liquid Fuels Strategy & Security Policy Branch

International Climate and Energy Division

Mr David Higgins, Acting Division Head
Ms Lynda Hayden, Acting Branch Head, International Net Zero Branch
Mr Sam Lowe, Acting Branch Head, Renewable Energy Superpower Branch
Ms Sharon Traucki, Acting Branch Head, Strategic Partnerships Branch

International Climate Negotiations Division

Dr Sally Box, Division Head
Mr Aaron Kirby, Acting Branch Head, Climate Operations Branch
Ms Ingrid Lundberg, Branch Head, Climate Negotiations Branch
Ms Louise Perez, Branch Head, Event Operations Branch

National Energy Transformation Division

Mr Matt Minchin, Acting Division Head, National Climate and Energy Partnerships Branch
Mr Justin Plant, Acting Branch Head, Office of Energy Economics
Mr Geoff Whelan, Branch Head, Energy System Reforms Branch
Ms Leonie Horrocks, Branch Head, Energy Enablers Branch

Net Zero Industries Division

Mr Shane Gaddes, Division Head
Ms Catherine Zerger, Branch Head, Hydrogen Strategy Branch
Ms Bronwyn Ray, Branch Head, Decarbonisation Initiatives Branch
Ms Edwina Johnson, Branch Head, Safeguard and Carbon Leaking Review Branch
Mr Paul Murphy, Branch Head, Offshore Renewables Branch

Office of the Capacity Investment Scheme

Mr Matthew Brine, Head of Office
Mr Salim Mazouz, Branch Head, Policy and Engagement
Ms Alison Wiltshire, Branch Head, Delivery and Governance

Outcome 2**Biodiversity Division**

Dr Ilse Kiessling, Acting Division Head
Dr Fiona Fraser, Threatened Species Commissioner
Mr Glenn Block, Branch Head, Natural Heritage Trust Branch
Ms Jackie Raynor, Branch Head, Biodiversity Programs Branch
Mr Phil Alcorn, Acting Branch Head, Protected Species and Communities Branch

Circular Economy Division

Ms Kate Lynch, Division Head
Mr Cameron Hutchison, Branch Head, Waste and Resource Recovery Policy Branch
Ms Chloë Bird, Branch Head, Supply Chain Initiatives Branch
Ms Rachel Burgess, Branch Head, Chemicals and Atmosphere
Ms Cath Geiger, Branch Head, Partnerships, Infrastructure and Analysis Branch

Director of National Parks

Ms Tia Stevens, Branch Head, Uluru-Kata Tjuta & Indigenous Protected Areas

Environment Information Australia

Ms Lisa Nitschke, Acting Division Head
Ms Juanita Pettit, Branch Head, Environmental Data and Analysis Branch
Ms Sonia Fedorow Spry, Acting Branch Head, Environmental Economics, Science and Reporting Branch
Mr Brendan Lynam, Branch Head, Environment Information Policy and Strategy

Environmental Permitting and Compliance Division

Mr Graeme Grosse, Acting Division Head
Mr Sam Hush, Acting Branch Head, Compliance and Enforcement Branch
Ms Kate Elliott, Branch Head, Wildlife, Waste and Environmental Permits Branch

Environmental Water and Aquatic Ecosystems

Dr Simon Banks, Division Head and Commonwealth Environmental Water Holder
Mr Hilary Johnson, Branch Head, Environmental Water Holdings and Water Science
Dr Marcus Finn, Branch Head, Environmental Water, Northern Basin and Water Science Branch
Ms Rebecca Curtis, Branch Head, Environmental Water Policy, Engagement and Wetlands

Heritage Division

Ms Michelle Dumazel, Division Head
Ms Katherine Gray, Branch Head, Heritage Policy Branch
Dr Wayne Beswick, Branch Head, First Nations Heritage Protection
Mr Ranga Parimala, Branch Head, World and National Heritage

International Environment, Reef and Ocean Division

Ms Katrina Maguire, Division Head
Mr John Foster, Branch Head, Great Barrier Reef Branch
Ms Belinda Jago, Branch Head, Ocean and Wildlife Branch
Ms Suzi Heaton, Branch Head, International Environment Branch

Nature Finance and Market Division

Mr Anthony Bennie, Acting Division Head
Ms Laura Higgins, Branch Head, Nature Finance Policy Branch

Ms Kathleen Patroni, Acting Branch Head, Market Establishment Branch

Mr Ryan Wilson, Acting Branch Head, Nature Repair Market Branch

Nature Positive Integration Division

Mr Greg Manning, Division Head

Dr Alison McMorro, Branch Head, Regional Planning & Landscapes Branch

Nature Positive Regulation Division

Mr Bruce Edwards, Division Head

Ms Kylie Calhoun, Branch Head, Environment Assessments West

Mr Tim Wyndham, Branch Head, EPBC Regulatory Support

Ms Sarah Reachill, Acting Branch Head

Ms Kate Gowland, Branch Head, Environment Assessments NSW and ACT

Mr Declan O'Connor-Cox, Branch Head, Environment Assessments QLD

Ms Rachel Short, Branch Head, Environment Assessments Vic and Tas and Post Approvals

Nature Positive Taskforce

Mr James Tregurtha, Division Head

Ms Mahani Taylor, Branch Head, Nature Positive Law Reform and Standards Branch

Outcome 3

Australian Antarctic Division

Ms Emma Campbell, Head of Division

Ms Kelly Buchanan, Branch Head, Policy and Strategy Branch

Ms Rhonda Bartley, Acting Branch Head, Science Branch

Ms Gina Woodward, Acting Branch Head, People & Culture Branch

Mr Phillip Boxall, Branch Head, Assets & Technology Branch

Mr Matthew Filipowski, Acting Branch Head, Operations and Logistics Branch

Agencies and Statutory Authorities

Australian Energy Infrastructure Commissioner

Mr Anthony Mahar, Australian Energy Infrastructure Commissioner

Australian Energy Regulator

Ms Clare Savage, Chair

Mr Justin Oliver, Deputy Chair

Ms Anthea Harris, Chief Executive Officer

Ms Stephanie Jolly, Executive General Manager, Consumers, Policy and Markets

Australian Institute of Marine Science

Professor Selina Stead, Chief Executive Officer

Ms Michelle Noack, Chief Financial Officer

Dr David Wachenfeld, Research Program Director, Reef Ecology and Monitoring

Dr Karen Miller, Research Program Director, Sustainable Use of North-West Marine Ecosystems

Australian Renewable Energy Agency

Mr Darren Miller, Chief Executive Officer

Mr Chris Faris, Chief Operating Officer

Bureau of Meteorology

Dr Andrew Johnson, Chief Executive Officer and Director of Meteorology

Dr Peter Stone, Group Executive, Business Solutions

Ms Nichole Brinsmead, Chief Information Officer and Group Executive, Data and Digital

Ms Astrid Heward, Acting Group Executive, Enterprise Services and General Counsel

Mr Michael Logan, General Manager, National Production Services
Mr Robert Argent, General Manager, Research to Operations
Mr Tim Abrahams, General Manager, Organisational Development
Ms Kate Dalton, General Manager, Business Management
Ms Vicki Woodburn, Group Executive, Australian Climate Science
Dr Karl Braganza, National Manager Climate Services
Ms Michelle Wickham, Acting General Manager, Portfolio Management

Climate Change Authority

The Hon. Mr Matt Kean, Chair
Mr Brad Archer, Chief Executive Officer
Ms Eliza Murray, General Manager, Strategy Branch
Dr Matt Searson, Acting General Manager, Analysis Branch
Mr Joe Hardwicke, Acting General Manager, Corporate Branch
Dr Jennifer Rayner, General Manager, Outreach and Enabling Branch
Ms Zoe Sinclair, Acting General Manager, Systems and Science Branch

Clean Energy Finance Corporation

Mr Ian Learmonth, Chief Executive Officer
Mr Andrew Powell, Chief Finance Officer
Mr Simon Every, Chief Public Affairs Officer

Clean Energy Regulator

Mr David Parker, Chief Executive Officer and Chair
Mr Carl Binning, Executive General Manager, Scheme Operations Division
Ms Liza Pegorer, Chief Operating Officer, Corporate Branch
Mr Mark Williamson, Executive General Manager, Scheme Support Division
Ms Piet Powell, General Manager, Compliance
Ms Jane Wardlaw, General Manager, NGER and Safeguard Branch
Ms Michelle Crosbie, General Manager, ACCU Scheme, Vegetation and Analytics
Ms Katia Tsiolkas, Acting General Counsel
Ms Jennifer Bradley, General Manager, Soil, Emissions Avoidance and Contracts Branch
Mr Matthew Power, General Manager, Renewable Energy Target Branch
Mr Rizwan Akhund, Deputy General Counsel
Ms Kathryn Smith, General Manager, Carbon Markets

Emissions Reduction Assurance Committee

Professor Karen Hussey, Chair

Great Barrier Reef Marine Park Authority

Mr Joshua Thomas, Chief Executive Officer
Dr Roger Beeden, Chief Scientist
Mr Richard Quincey, General Manager, Marine Park Operations
Ms Jameelie Fletchett, Chief Operating Officer
Mr Fred Nucifora General Manager, Major Projects

Snowy Hydro Limited

Mr Dennis Barnes, Chief Executive Officer
Mr Roger Whitby, Chief Operating Officer

Threatened Species Scientific Committee

Professor Iain Gordon, Chair

Committee met at 09:01

CHAIR (Senator Grogan): I declare open this hearing of the Environment and Communications Legislation Committee into the 2024-25 additional estimates. I begin by acknowledging the traditional owners of the land on which we meet and pay our respects to elders past, present and emerging.

The committee has fixed Monday, 24 March 2025 as the date for return of answers to questions taken on notice in this session. The committee proceedings today will begin with Corporate Matters and general questions of the Climate Change, Energy, the Environment and Water portfolio. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence.

The Senate has endorsed the following test of relevance of questions at estimates hearings. Questions going to any of the operations or financial positions of the departments and agencies that are seeking funds in estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has resolved also that an officer of a department of the Commonwealth should not be asked to give opinion on matters of policy and should be given reasonable opportunity to refer questions asked of the officer to superior officers or to the minister. This resolution does not preclude questions asking for explanation of policies or factual questions about when and how policies were adopted. Witnesses are reminded of the Senate order specifying the process by which a claim of public interest immunity should be raised. I incorporate the public immunity statement into the *Hansard*.

The extract read as follows—

Public interest immunity claims

That the Senate—

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

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

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

(1) If:

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

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

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

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

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

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

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

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

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

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

(13 May 2009 J.1941)

(Extract, Senate Standing Orders)

CHAIR: I particularly wish to remind senators of their obligations under the new behaviour code for Australian parliamentarians to treat witnesses with dignity, courtesy, fairness and respect. An officer called to answer a question for the first time should state their full name and the capacity in which they appear. Mobile phones should be switched to silent.

Department of Climate Change, Energy, the Environment and Water

[09:03]

I would now like to welcome Senator the Hon. Tim Ayres, Assistant Minister for Trade, representing the Minister for Climate Change, Energy and the Minister for Environment and Water. Minister, would you like to make an opening statement?

Senator Ayres: Tempted as I am, no.

CHAIR: That is a disappointment, but I respect your choice. I would also like to welcome Mr David Frederick, Secretary of the Department of Climate Change, Energy, the Environment and Water. Mr Fredericks, would you care to make an opening statement?

Mr Fredericks: No, thank you.

CHAIR: That is also disappointing! Before we commence with Corporate Matters and general questions, I will remind senators that this part of the program relates to matters concerning central departmental administration, such as building services, ICT, staffing levels and media procurement—just that. Questions relating to individual policies and programs should be addressed to officials when specific programs are considered in subsequent sessions.

Senator DUNIAM: By way of clarification, are legal costs included in this section?

CHAIR: I think it would depend on the level of the response you're looking for. Feel free to ask it and feel free to be happy about being directed to another area.

Senator DUNIAM: Yes, I always am. We'll try it. Would the drafting of legislation be in this section or would that be in one of the later outcomes?

Mr Fredericks: I think so. On your first one, I think that's going to be in this session. On your second one, I think it's going to be in the environment estimates.

Senator DUNIAM: Thank you.

CHAIR: Senator Cadell.

Senator CADELL: Very quickly, what is the status of discussions regarding Australia potentially hosting COP31?

Mr Fredericks: If it is okay with you, that would belong in the climate group at 9.30.

Senator CADELL: I am happy with that. In the financial statements for 2023 there was a significant increase in employee costs. Was that anticipated? How much was the actual increase from 2022-23?

Ms Crowther: Wages and salaries, in line with our annual report for 2023-24, were \$429,709,000. That's in thousands—\$429 million. That was an increase from 2022-23, which was \$244,250,000. So, it was \$244 million.

Senator CADELL: I think the ANAO report stated it recorded an operating deficit related to higher than anticipated employee costs and shared service costs. Were there any conversations with the minister about increasing the budget to address that deficit?

Ms Crowther: The first year, 2022-23, was the first full year for the department. The increase was simply about employee growth in line with the department scaling up. We got ASL through budget. It was about staffing the department appropriately for the size it needed to be and to deliver the priorities of government.

Senator CADELL: Where the ANAO stated there was an operating deficit related to costs, were those not budgeted for?

Ms Crowther: The growth was faster than we had anticipated throughout that particular financial year.

Ms McCulloch: You are talking about the period from 2022-23 into 2023-24?

Senator CADELL: Correct.

Ms McCulloch: You're going back a bit in time, but my recollection is that the operating deficit we experienced was the result of a couple of things. There were some unexpected shipping costs associated with the Antarctic program at that time, which is not unusual for shipping costs there are events that result in the ship having to travel longer distances, et cetera. The second issue was as a new department we were still establishing our IT functions, and we needed to address our budget in relation to IT and our shared service offerings. The third issue, as Ms Crowther said, was that we were ramping up our staffing levels as a newly established department.

Senator CADELL: So, we just got bigger quicker than the original plan?

Ms McCulloch: Yes.

Senator CADELL: How are we going now? Are we at the staffing limits we want to be at? Are we expecting another significant increase in staffing costs going forward?

Ms McCulloch: For the estimates we are just publishing our approved ASL for 2024-25 is 4,727. I think from memory that was an increase of 11 from the previous financial year.

Senator CADELL: Was the \$244 million you mentioned for 2023-24 budgeted and the expected raise or was that above, again, what you expected to spend on wages? That increase that we were just told from 2022-23—

Ms McCulloch: I'd have to take that on notice. 2023-24 is a little while back. I'd have to take on notice the details.

Senator CADELL: The last financial year?

Ms McCulloch: 2023-24?

Senator CADELL: Yes. The answer you just gave was said that there was a \$244 million increase in wages from 2022-23 to 2023-24 was because we ramped up staff numbers as a new department. Was that the expected amount or was that over and above? You've said that they ramped up and that was to make the department bigger. Was that in line with expectations? Was that the budgeted number for staff we expected or was that over that?

Ms McCulloch: I'm not quite understanding your question.

Senator CADELL: Sorry?

Mr Fredericks: I am, but I think we're going to have to take it on notice. You're referring to page 111 about financial statements where we state that actual wages and salary expenditure for 2023 is \$244 million; that's that figure?

Senator CADELL: That was the answer.

Mr Fredericks: We will need to take on notice how that relates to what was budgeted for that year.

Senator CADELL: Thank you very much. It states that higher than anticipated shared services costs contributed. Was the shared services cost just the IT and what you mentioned earlier or were there other costs that have increased?

Ms Crowther: They were the main drivers of that increase—staffing accelerating faster than we thought it would and, yes, the shared service costs. We were using shared services from the departments that we were formed out of. We had our own establishment costs as well as shared services costs.

Senator CADELL: Were those shared service costs—

Mr Fredericks: And the Antarctic shipping costs. They're the three pressures that we needed to deal with in that year that we're discussing now.

Senator CADELL: That's fine. With shared service costs, do you see them going forward if that occurred while we were establishing the department? Are they going to decrease as we go forward? Is there a plan for that budget?

Mr Fredericks: Part of the journey over the last two years has been for the department to move away from ICT shared services. We had an arrangement with DAFF where we mutually drew on their services. That arrangement has now ceased. We are now responsible for the delivery of our own ICT services.

Senator CADELL: That's what I was getting to.

Mr Fredericks: We're confident that gives us some efficiencies in the management of our own ICT, because it's essentially now managed by our people, led by our Chief Information Officer. We're pretty confident about that.

Senator CADELL: It's very hard in a process where we're setting up a new department to know—and things were accelerated quicker—how these shared services costs and wages fitted into budget. On notice, can we look at, for 2022-23, what the budget was and what the actuals were? We need to compare what was anticipated, what was faster and work out how we're going. Comparing wages, it's almost doubling year on year, and it is difficult.

Ms McCulloch: We will take that on notice. As Ms Crowther said, just to remind you, 2022-23 was a part year and so comparisons with 2023-24 are a full year.

Senator CADELL: That's why that comparison to budget would be handy. All of those things when you start from scratch—

CHAIR: We need to rotate the call. Senator McKim.

Senator McKIM: I heard the response to Senator Duniam's check-in around legislation. Can I confirm that you'd prefer all questions about legislation that's currently being drafted or amendments that are currently being drafted to be asked in the relevant groups later on?

Mr Fredericks: That's correct.

Senator McKIM: Thank you. Can I just ask a very high-level question, though? Do you report to or take directions from the Prime Minister?

Mr Fredericks: At the end of the day I have a range of responsibilities—obviously those that exist under legislation, PGPA Act, et cetera—but my immediate relationship is with my two ministers. At the end of the day, I am directly accountable to my two ministers.

Senator McKIM: Has the department received a request from the Prime Minister to draft legislation this year?

Mr Fredericks: I think I need to deal with that in environment estimates when the relevant teams for that environmental question are available.

Senator McKIM: It's a very general question that didn't go to the topic of the drafting. You'd be aware, wouldn't you, if the Prime Minister had asked that a particular piece of legislation be drafted?

Mr Fredericks: To be fair, I think in fairness I'd need a bit of specificity around that question. I infer that you would be asking about whether we received any instructions in relation to environmental legislation. I think that's going to be an important topic of conversation in environment estimates. There will be a range of people to assist in dealing with your very proper questions about that. I think it would be right if we dealt with them at that time.

Senator McKIM: Surely you would be aware if the Prime Minister had asked? I'm simply asking you, in terms of your level of awareness, has the Prime Minister asked that any legislation or amendments be drafted?

CHAIR: Senator McKim, this is your third time having a crack at asking the same question. I wonder if you would just take the answer that you've been given twice rather than waiting to hear it a third time, and hold over your question to the appropriate section of the agenda?

Senator McKIM: Yes. You may have the same response, but I'll give it a crack. This is around correspondence between the government—I'm unsure as to whether it's the department or the minister—and UNESCO regarding the Tasmanian Wilderness World Heritage Area and the impacts of salmon farming in Macquarie Harbour on the outstanding universal values of that area. Would that be appropriate to ask in corporate?

CHAIR: Senator McKim, as I went through at the beginning of this session, corporate is a very specific session. It's not a catch-all to get all of your questions out of the way at the beginning of the day. You're talking about some very specific issues that relate to the environment portfolio that would be better asked in the environment portfolio program areas.

Senator McKIM: I have no further questions for corporate.

CHAIR: Senator Cadell.

Senator CADELL: I notice that AI is in the ANAO report at page 482, under financial systems. The department has adopted AI response and has AI policies established. On review, we couldn't see any view of AI assurance policies. Are AI assurance policies linked to AI use and AI policies?

Ms Lello: DCCEEW is implementing currently the whole-of-government policy for the responsible use of AI in government. That policy was released by the DTA and came into effect on 1 September 2024. The department has already taken a number of steps towards implementing that policy. In early steps to implement the policy we have appointed an accountable official under the policy, which is myself as Chief Data Officer of DCCEEW. We have also established an AI use case register. That is a register that collects information about AI solutions that are in development across the department. We have a process in place where, if something is identified in that register as being a high-risk use case, we will report those to the DTA as per the policy requirements. We are also working on a couple of other documents that will sit under that policy and are required by it. The first one is an AI transparency statement, which is required to be published at the end of this week actually, 28 February. That is a statement that will set out the different ways that the department is using AI and our commitments in relation to the use of AI. That includes things, as required by the policy, such as human oversight of decision-making and things like that. We will also be developing an AI ethics and governance policy, which we anticipate releasing down the track.

Senator CADELL: Down the trackish? A ballpark, not a specific date?

Ms Lello: It is under development right now—so, in the next one to two months. We're consulting on it internally in the department at the moment. So, it's underway.

Senator CADELL: Are there specific AI systems? Is it working on different models? I'm not getting climate change data from Grok 2.0, am I? What systems are you using?

Ms Lello: The department utilises AI at the moment across a range of different technological categories, including deep learning, natural language processing and generative AI. On the generative AI front, we have a guideline for staff about engaging with generative AI systems; for example, not using any official or protected information in public generative AI systems.

Senator CADELL: But they can still use ChatGPT? Half of the universities do it now. So, we can still—

Ms Lello: There are restrictions on that in terms of our policies. You could access ChatGPT and ask it a question or whatever, but staff aren't allowed to enter official information into that system to utilise it. That's set out in an interim guidance on generative artificial intelligence that the department published in August 2023. We anticipate that we will update that policy once we have our other documents.

Senator CADELL: Outside of the generative AI, on deep learning and systems is AI used for climate modelling?

Ms Lello: No. Specific questions about climate modelling should be probably addressed to our climate colleagues. Some examples of AI use by the department—and, once again, more specific questions could be directed to the relevant areas—could include image processing, say, the director of national parks, in particular, using images and working out whether those images show particular vegetation or feral invasive species and things like that. That's a lot of the use of AI in the department at the moment.

Senator CADELL: As you roll out the process and you're looking at the integration in your role, are there parallel processes where you're looking at AI results or reports versus the traditional methods and validating outcomes?

Ms Lello: As in trials where people are comparing the results they get from an AI process to human processing?

Senator CADELL: Yes. If we get the same result with greater efficiency, that's a good thing or a better thing.

Ms Lello: The department definitely sees benefits in AI across the portfolio for different processes, but what we'd be looking at doing would be specific use cases and comparing that to where humans perform the same process, and doing assessments on that. As I said, at the moment there has been some work but usually there's a human verification process. So, what has the AI identified? Then we ask, 'How does that compare to when a human is looking at it and do we get the same results?'

Senator CADELL: It's the rubbish-in, rubbish-out principle. So, there is a human filter to avoid making final decisions based on the AI material?

Ms Lello: Yes, that's right. This will be in our AI transparency statement, but in general the department at the moment is committing to always having a human operator in the system.

Senator CADELL: So, someone is still to blame when it all goes wrong?

Ms Lello: There will still be someone to blame when it all goes wrong.

Senator CADELL: Thank you.

CHAIR: Senator Duniam.

Senator DUNIAM: I refer to a question on notice from last estimates, SQ24-000981, relating to travel expenses for COP16. The answer I received was an aggregate figure relating to the COP16 event in Colombia. The total cost was \$158,177, and some related costs. It states, though, that a breakdown of accommodation costs per traveller is not available. Why is that?

Mr Fredericks: The relevant people who are going to be able to give you some detail on that are in climate estimates.

Senator DUNIAM: Corporate doesn't deal with the cost of travel?

Mr Fredericks: It does but, relevantly for COP, the people you will want to speak to are in climate estimates.

Senator DUNIAM: We'll unusually do that. We'll try this, anyway. I might have to ask this in outcome 2. Costs of external legal advice relating to the section 10 declaration affecting the McPhillamy's goldmine?

Mr Fredericks: Yes. That will need to be in environment estimates.

Senator DUNIAM: We'll come back to that. We have dealt with the drafting of legislation. If we can then go to the Environmental Defenders Office and that contract.

Mr Fredericks: That is here.

Senator DUNIAM: Excellent. I wanted to go to the financial statement for the last financial year for the Environmental Defenders Office. Has anyone in the department examined that document at all?

Mr Fredericks: Mr Hanlon has long been responsible for this area.

Mr Hanlon: We have had a look at the financial statement. Do you have a particular question?

Senator DUNIAM: Yes. Why don't we start with the statement that was made by their auditors about concerns around the EDO continuing as a going concern? Is there any provision in the deed of agreement or in any general rules relating to disbursement of Commonwealth funds that would be impacted by such a concern being raised by an auditor?

Mr Hanlon: We would look at that in particular but, as I understand it, the subsequent event was that an interest-free loan was given to the EDO, and on face value it looks like they're solvent. When we look at the next milestone payment, that's when we would look at the financial position of the EDO to give assurance that, if the EDO does not use the expenditure as per the grant guidelines, a milestone payment would not be made.

Senator DUNIAM: Has any contact been made with the EDO since the publication of that financial statement seeking further information?

Mr Hanlon: Not by me, no.

Senator DUNIAM: By anyone else in your section?

Mr Hanlon: Not that I'm aware of, but I could check that for you and take it on notice.

Senator DUNIAM: If you could let me know by the end of this section, it would be handy to know, because I suspect this is the last time we'll be gathering as a family.

Mr Hanlon: I certainly can.

Mr Fredericks: Can I just note one thing as a signal to Mr Hanlon as well? As we have discussed in these estimates before, the administration of the grant is done by the Business Grants Hub. Mr Hanlon is conveniently helping but, at the end of the day, it's worth noting that the Business Grants Hub will ultimately answer a lot of the questions you're asking.

Senator DUNIAM: Yes, I would be interested in talking to them, but I'm also interested in ensuring that probity and other arrangements have been put in place. You've taken that on notice. I would be very surprised if the answer is 'no' given what was revealed in that statement. I certainly hope the answer is not 'no' to that question.

Mr Hanlon: I can answer that for you. The answer is, no, it has not.

Senator DUNIAM: So, the department has made no contact. Did you ask the grants hub, now that they've been referred to, to make contact with the EDO in relation to this?

Mr Hanlon: Not particularly, because we actually have milestone payments due. The last payment was made on 4 February. That was a milestone report from April 2024 to September 2024, which does cover that financial year. The next report is due 30 April 2025.

Senator DUNIAM: So no contact from the department directly to the EDO? As far as you're aware, no-one has been asked to contact the Business Grants Hub to contact the EDO on this issue, and nothing will happen until the next milestone report comes in?

Mr Hanlon: Not specifically on this issue, because the last assessment was based on the November 2024 milestone report, with payment being made on 4 February, and there's one in progress at the moment. As part of our standard assurance processes, they need to provide financial information which, as we've discussed before, needs to be audited by an independent qualified accountant.

Senator DUNIAM: When that independent qualified accountant raises something such as the concerns around its future as an entity that is a going concern and that can sustain itself, does that mean standard arrangements continue to apply or is there some new level of concern and therefore activity that would kick in?

Mr Hanlon: If there were concern about solvency, we would have a chat to the EDO, as we would with any other client, to see what their position is and to understand whether they can fulfil their obligations. Depending on the outcome of that conversation, we would either proceed with the grant continuing or we have options to terminate.

Mr Fredericks: Just so we're absolutely clear, 'we' is the Business Grants Hub.

Senator DUNIAM: Which is an intermediary on behalf of the department. It's a policy of this government through this department to provide funding for the EDO.

Mr Fredericks: It's a longstanding arrangement. 'Intermediary' is a fair word. It is. But at the end of the day what I want to keep focusing on is that a lot of the evidence Mr Hanlon is giving about what happens for the—

Senator DUNIAM: The process?

Mr Fredericks: process is done by the BGH. I think Mr Hanlon has been generous. It's done by the Business Grants Hub.

Senator DUNIAM: If I'm not incorrect, this department drafted the new conditions that were part of this agreement arising out of the review?

Mr Fredericks: We certainly lent in to help on that. There's no doubt about that, because of the review.

Mr Hanlon: That is correct. We did that in conjunction with the Business Grants Hub.

Senator DUNIAM: There is a degree of ownership of the arrangements in place, which is what I'm asking about. The process managed by the BGH is arising out of conditions that were set by, in part, this department. I don't think it's unfair for me to—

Mr Fredericks: No, it's not unfair at all. It's completely legitimate.

Mr Hanlon: The ultimate assessment about the payment of the progress payment is made by the Business Grants Hub.

Senator DUNIAM: That doesn't happen until sometime into the future, which I find a little odd given its own auditor said, 'We're very concerned about the future of this organisation'?

Mr Fredericks: The last payment, though, has only just been made. Just a reminder on when the last payment was made and the assessment done?

Mr Hanlon: That was 4 February. However, I would point out that the review and the auditors did not declare the EDO insolvent.

Senator DUNIAM: No, it just said 'concerned about its future'?

Mr Hanlon: Correct.

Senator DUNIAM: We will talk to the Business Grants Hub, but just to be clear no contact has been made, nor any request for the Business Grants Hub to make any further inquiries notwithstanding that, even though the threshold seems to be they actually have to declare themselves insolvent, not have the auditors say there's a risk of that happening? A little earlier on, Mr Hanlon mentioned that the provision of an interest-free loan to the EDO, without putting words in your mouth, offset or seemed to clear up the matter of insolvency, because they had access to this facility. I think it was \$6.5 million. What knowledge does the department have of any arrangements related to that facility?

Mr Hanlon: Only what's public, which is an interest-free loan that is due in August 2027, as I understand it.

Senator DUNIAM: Yes. Are there any conditions in the agreement with the Commonwealth relating to other sources of funding available to the EDO? I know that sometimes the department might say, 'You are not to apply for state government funding if we provide to you Commonwealth government funding.'

Are there any conditions of that nature in the agreement that we have with the EDO?

Mr Hanlon: In terms of their general funding, no. We would seek that they wouldn't apply for state funding for the same things that we are funding. In terms of general funding to the EDO, there are no conditions on that.

Senator DUNIAM: We'll come back to the source of the interest-free loan. Are there prohibitions around the use of Commonwealth taxpayers' money going to the EDO to repay this loan facility?

Mr Hanlon: Yes. That would not fit in the conditions of the grant agreement.

Senator DUNIAM: How do we determine that they are not using that funding to pay this off? What assurance measures are in place to ensure the dollars we give are not the dollars used to pay back these unknown philanthropists and supporters?

Mr Hanlon: As part of the milestone reporting, they would have to declare what they've spent their funding on and then they would have to provide evidence. That evidence would then be reviewed by an independent professional.

Senator DUNIAM: Previously, we've talked about the EDO receiving funding from overseas entities. You made some inquiries by looking at their website and were satisfied that there was no concern of that nature. Are we satisfied that the \$6.5 million that's been provided to the EDO by unknown entities—unspecified, undeclared at this stage—is not coming from a foreign entity or individual?

Mr Hanlon: I don't have any evidence to say yes or no on that.

Senator DUNIAM: Have you inquired?

Mr Hanlon: No, I have not.

Senator DUNIAM: That's interesting.

Ms McCulloch: The EDO in its annual report actually declares all of its donors. It's actually public in there.

Senator DUNIAM: Whom gave the \$6.5 million donation?

Ms McCulloch: I don't know that answer. I haven't actually looked at their financial statements or their annual report. But they have multiple donors, including both government, philanthropic et cetera.

Senator DUNIAM: The \$6.5 million did come from someone listed in the annual report, which was published when?

Ms McCulloch: I haven't looked at their annual report.

Senator DUNIAM: I'm interested in why you're raising that in response to my questions around the \$6.5 million facility?

Ms McCulloch: Because you were asking questions about whether they had disclosed it. I was saying that in their annual report, whenever that is due, they will disclose their donors.

Senator DUNIAM: Is it a donation or is it a loan facility?

Ms McCulloch: I only know what is reported publicly, that it is a loan facility.

Senator DUNIAM: How would that be covered in a donation disclosure in their annual report?

Ms McCulloch: That would be part of their financial statement.

Senator DUNIAM: The financial statement doesn't disclose who has provided the facility. You're talking about the annual report. You're certain that the EDO will disclose who provided the loan facility in their annual report when it comes out?

Ms McCulloch: If they are receiving loans that is a form of donation that would need to be declared in their annual reports.

Senator DUNIAM: But to your knowledge no-one has made any inquiries about where it's come from, whether it's an Australian domestic entity or a foreign entity?

Ms McCulloch: Not to my knowledge.

Senator DUNIAM: Given the previous concern, and the fact that Mr Hanlon went and investigated previously, I find it passing strange that we haven't made any inquiries, particularly off the back of this financial report that was provided just a month or two back. Minister, obviously it is the government's priority that funding continues to flow to the EDO in perpetuity. It's an item that continues each budget year in, year out. Have you read the financial statement relating to the EDO?

Senator Ayres: No, I haven't.

Senator DUNIAM: Does it concern you when an entity says that they are experiencing financial difficulties and their auditors declare that they might struggle to continue to be an entity that can operate as a going concern?

Senator Ayres: From the government's perspective, funding for the EDO has been a constant of Australian government practice for quite some time. I think the Howard government funded the EDO all through the life of the Howard government. The Abbott government cut that, along with Medicare, Defence spending—a range of other important national priorities at the time.

Senator DUNIAM: It's interesting to note that you put the EDO and Defence in the same basket.

Senator Ayres: It was a government that cut all sorts of areas of important public expenditure, of which this was a tiny, tiny, tiny fraction. There were billions of dollars worth of services to Australians that government hacked into and proposed even deeper cuts. It's not a surprise that government knocked over a series of these sorts of grant propositions. This government made an election commitment to ensure that organisation received I think a very small part of its operational expenditure. We followed through on that election commitment. I think Mr Fredericks has explained to you how the department and the Business Grants Hub engage with funding recipients. If the question is, 'Are we satisfied that it's been administered properly?', the answer is yes. Is the department doing its work appropriately here? The answer is, yes. The minister expressed some concerns about practice in relation to the EDO that was widely traversed at the time, and that was appropriate.

Senator ROBERTS: Answers to my question on notice SQ24-001186 have not been received. Why is the government refusing to answer these questions? It's been twice now—October last year and May last year.

Mr Fredericks: Are you able to assist us with identifying the subject matter of those questions on notice? I'd understood we'd answered all questions on notice.

Ms McCulloch: Yes, my understanding is that we have tabled all of our questions on notice for our portfolio.

Senator ROBERTS: You haven't answered with detail. I wanted specific costs on specific programs, and you haven't given them. You've hidden them away. Why are you hiding how much net zero policies are costing Australians? That's twice now you've done it.

Mr Fredericks: As to the questions on notice you're talking about, if you're seeking further information in relation to those, if they're in the climate change part of the portfolio those people will be along in the next session to be able to deal with that.

Senator ROBERTS: You can assure me that in the climate change section I will be getting answers to my questions?

Mr Fredericks: I can assure you the people will be here to take your question.

Senator ROBERTS: I see the way you dodged that.

Senator Ayres: Senator Roberts, there's no need at this early start of the day to be rude to the witnesses. It doesn't help and it's disrespectful. You're totally entitled to ask your questions. The officials at the table have never dodged those questions. They may not be answered in the way that suits you, but they are answering the questions and they're answering them on the basis of the facts available to them.

Senator ROBERTS: That's an old trick, Minister, deflecting. The fact is the Secretary just refused to confirm that the climate change division would actually be able to answer the question. That's all I wanted to know.

CHAIR: I did point out at the very beginning of the session, when I know you hadn't quite joined us yet, that we do have a new behaviour code for Australian parliamentarians. Treating witnesses with respect is one of those critical elements. The questions can be asked at a later date. The characterisation that the question had not been answered is not true. The question was answered. You did not like the answer, which is totally fine. It is your prerogative to ask further questions in the relevant section.

Senator ROBERTS: Thank you. Minister, where and how can we obtain costs of Labor's net zero transition commitments—the whole lot? I want to know who is responsible for overseeing Labor's massive spending of taxpayers' money that is devastating our energy grid?

Senator Ayres: You'll be able to ask questions in relation to the costs, and comparable costs, of the energy plan in the appropriate areas, when climate change and energy comes up. What you'll find is there are people who are delighted to give you answers about these areas of public investment and private expenditure. Of course, we did come up against a period of indolence and failure in energy policy under the previous government—a failure to invest in any new energy or electricity generation capability, and projects where disinvestment occurred. Of course, that has meant the government is rebuilding an electricity sector after a period of almost a decade where government sat on its hands. We'll be very happy—and I'm sure those public servants who are responsible for that would be delighted—to answer your questions then.

Senator ROBERTS: Thank you, Minister. There are 100 policies that we want costs on. We'll ask the climate change agencies about that.

Senator Ayres: We've literally got all day. We're very happy to go through all of that then.

Senator ROBERTS: Sadly, I don't have all day, but I'll ask another question of you, Minister. As well as the monetary cost, are you aware of the strong and stirring regional uprising against wind turbines, industrial solar complexes and the myriad transmission lines destroying the natural environment and human environment?

CHAIR: Again, Senator Roberts, this is not the right area for you to ask that question. I appreciate that you've just told us you don't have all day and it might be convenient for you to ask all of your questions here, but it is not the appropriate time. There are other times throughout the day. I've been very clear with everyone in this room. We will run through the agenda as it was agreed by the committee throughout the day.

Senator ROBERTS: That is fair enough. Minister, what are your directions to your department and agencies on assessing the environmental and human damage due to net zero transition?

Senator Ayres: I'm not sure. It's not directions from me, of course. I'm representing the government here. The government's directions are what you would expect from a government that is in the business of securing the lowest cost, most reliable electricity system for Australia. Of course, we're using the previous government's environmental approval framework. We're seeking to make improvements to that every day. Minister Bowen has been consistent about these questions. I'm somebody who grew up in country Australia. I'm very aware of the opportunities and pressures in those communities. I visit them regularly. I can see every time I go there enormous opportunities from the program the government has embarked upon in terms of modernising the electricity system—in terms of jobs, local content opportunities for Australian manufacturers—and what it means for regional communities when we can invest in new manufacturing capability driven by lower energy costs. I see the disaster of the previous decade of disinvestment and pushing manufacturing offshore. These areas I'm very familiar with. In terms of this portfolio area, the minister has been pretty consistent about that. Directions to the department are consistent with the minister's publicly expressed views.

Senator ROBERTS: Is Minister Bowen able to provide the total monetary cost of the whole net zero transition as well as damage to the environment and the human environment?

Senator Ayres: We know that costings have been released publicly and consistently. I think later on there's a fellow who will be very keen to talk to you and the committee about costings—very keen indeed. The government has been very clear about the costs. The alternative government, of course, has a \$600 billion plan for nuclear power stations that would arrive in the 2040s and 2050s and provide about four per cent of Australia's electricity needs, emitting millions of tonnes of additional carbon dioxide into the atmosphere and driving up costs for households and businesses—from little businesses to big ones—making Australia less competitive and forcing electricity intensive manufacturing offshore. This is a government that's very keen to get on with the job of arguing about costings and delivering the lowest cost possible electricity system and energy system more broadly for Australia. That's what we're doing. In terms of the specific questions about costings, you'll find us very keen to deal with those. In terms of the alternative, the costs of inaction, I think that's pretty clear in terms of Australia's competitiveness, the environmental damage and jobs cost of continuing to sit on our hands, which is what the last government did.

Senator ROBERTS: Minister, are you aware that in every country that has increased the solar and wind proportion of their electricity sector generation the cost of electricity has increased dramatically, that Australia has never had a higher ratio of solar and wind and that we've never had costs higher than we have now? We've got record electricity prices.

Senator Ayres: Australia is in an environment where a decade of not investing in the electricity system, with dozens of coal-fired power plants announcing their closure, and of course the impact of Russia's illegal and immoral invasion of Ukraine, has meant that alongside other cost-of-living pressures there have been increases in costs to households and to businesses. We are seeing some improvements around those issues. Again, officials will be able to give you more information about that progress. The reason Australia has had to work so hard in relation to these issues is that we've had a decade of not only nothing happening in terms of investment in generation capability and transmission capability; we've seen electricity businesses walk away from Australia and invest somewhere else. The government has worked hard to make sure there is new generation capability coming into the system. Of course, that has led to significant benefits for households. Australians who install rooftop solar get a very significant benefit from doing that. The only answer to ensuring that we have an electricity system that is the lowest cost, most reliable system that suits Australia's geography, climate, capabilities and our future demand is in having sensible, commonsense investments in the electricity system. That's what's happening under

this government. The alternative is a return to the sort of torpor and indolence of the previous government, plus a \$600 billion nuclear scheme that would produce four per cent of Australia's energy requirements, force electricity intensive manufacturing offshore and make household bills go up by \$1,200 a year from day one. Those are stark choices. We're very happy to engage in that discussion, as the chair keeps insisting, at the point where officials are available at the table to do that.

Senator ROBERTS: Minister, isn't it true—

CHAIR: Senator Roberts, I have to rotate the call. We're well over time.

Senator DUNIAM: Ms McCulloch, I wanted to go back to your point about the last annual report, which was provided in November, which includes reference to, in note No. 1 on page 11, the provision of an interest-free working capital facility and refers to an agreement with a third party which at no other point in the document is named. Should that not be, based on what you said, information contained in this report?

Ms McCulloch: What I said was that in the annual report they will name their donors. Whether that donor is specifically linked to an interest-free loan, that's not something I can comment on. I haven't read their annual report.

Senator DUNIAM: This is \$6.5 million; as the minister himself said, it's up there with Medicare and Defence spending and is an important use of taxpayers' money. We should all be very concerned about how it's being used and who might be co-contributing to this organisation, unnamed they may be. I wonder whether the department will make inquiries now. The annual report was provided, tabled, made public in November, including financial statements and a full page referring to this interest-free working capital facility. Further on, it does talk about the material uncertainty regarding the entity's future financial performance and ability to pay the expected debt by the due date, et cetera. Has the department, which through the Business Grants Hub provides \$2.3 million or \$2.4 million per annum to this entity of taxpayers' money, made or does it intend now to make any inquiries about this? I find it strange that we just wait until the next milestone payment or report date and check it out then.

Mr Hanlon: Firstly, I'd like to point out that the financial statements are in compliance with accounting standards. They have been audited by a qualified accounting firm. If there were concerns on the source of that loan, I would expect that qualified accounting firm would raise those concerns, as they're obligated to do. Secondly, as we've said previously, the milestone reports will be reviewed by the Business Grants Hub, which is also subject to separate, independent, qualified accountants to have a look at their information. That's why I'm comfortable that we're in a safe position.

Senator DUNIAM: Grant Thornton Audit Pty Ltd is the group that did the audit on this and made the points around the material uncertainty of the entity's financial stability, et cetera. This is outside of accounting standards. It's outside of, I think, the laws that govern reporting, evidently because it's not provided here. But there is a degree of public interest, given taxpayers are providing money to this entity every year, ad infinitum—up there with Medicare and Defence, as we've heard—in where this loan came from. Does the department intend to make any inquiries about the source of this funding or not?

Ms McCulloch: No.

Senator DUNIAM: No? We'll just leave it. That's all I wanted to know. Thank you very much.

Mr Fredericks: Can I take one aspect of your question on notice?

Senator DUNIAM: Yes.

Mr Fredericks: In the preamble to your question you said that this issue, that is, the identification of the nature, if you like, of the donor, is outside of the existing reporting arrangements. I would like to take that on notice, please, and come back to you and answer, because I don't know whether that's true. It could be, but I think in fairness to you I should give you evidence about that. Secondly, I would also like to bring in the regulatory framework that comes about because of the EDO being a not-for-profit charity. As you know, that has another layer of regulatory control in relation to the EDO. I'd like to come back to you on notice with the best evidence we can.

Senator DUNIAM: But that's outside of this area's responsibility.

Mr Fredericks: It is, correct, but in terms of whether the particular issue you're identifying, that is, source of loans to a charity, is regulated as a charity, I think in fairness to you we should provide you with evidence about that.

Senator DUNIAM: That would be very helpful, because there are elements around public concern, in addition to legal requirements, that would drive decision-makers, be they in an agency or at the ministerial level,

to perhaps make inquiries. At this point in time, no-one has made any inquiries—not ministerial, not departmental.

Mr Fredericks: Yes. Partly I'm raising this because I think Mr Hanlon is endeavouring to give you a sense of the very strong existing regulatory arrangement that, in a sense, means such inquiry is not necessary or not as pertinent as it might be being presented. The aspect of the EDO being a charity might add to that. That's why I'd like to give you that additional evidence.

Senator DUNIAM: None of those regulatory or legislative regimes would prevent an inquiry from being made.

Mr Fredericks: It would not, no.

Senator DUNIAM: It may not require it, but it wouldn't prevent it.

Mr Fredericks: I accept that.

Senator DUNIAM: Whilst I appreciate that information, it's in the public interest, given the importance of the issue—and it being such an important commitment—that the government continues to fund it.

Mr Fredericks: I accept that premise, yes, but I think it will give some context to the premise.

Senator DUNIAM: I wanted to go to the link between the organisation Norton Rose Fulbright and the Environmental Defenders Office. It was Norton Rose Fulbright that did the audit of the organisation in response to a request from you or ultimately the minister; is that right?

Mr Fredericks: That's a very good question. I'd have to check that.

Ms McCulloch: Yes, that's true.

Senator DUNIAM: Whom determined the terms of reference for the work that Norton Rose Fulbright undertook?

Mr Fredericks: My recollection is that was done by the department in consultation with the BGH. Mr Hanlon?

Mr Hanlon: That is correct.

Senator DUNIAM: Have we been provided a copy of the terms of reference for that work and, if not, could we perhaps receive a copy of it?

Mr Fredericks: I think we have, but we'll take it on notice.

Senator DUNIAM: I know verbally you talked to them, but I just wonder if it could be provided?

Mr Fredericks: Can we take that on notice?

Senator DUNIAM: Yes. As part of that, could you tell us also when those terms of reference were finalised?

Mr Fredericks: Yes.

Senator DUNIAM: In drafting the terms of reference was Norton Rose Fulbright contacted, workshopped with or were there any conversations around the terms of reference?

Ms McCulloch: I'd have to take that on notice.

Senator DUNIAM: What was the process undertaken to select Norton Rose Fulbright to do this work?

Mr Hanlon: It was through the whole-of-government legal panel.

Senator DUNIAM: So it wasn't a department or a DCCEEW decision? It was this panel? Who's on that?

Mr Hanlon: We accessed the whole-of-government legal panel, of which they're a member.

Mr Fredericks: We would have conducted the procurement, but we would have done it off the Finance approved panel.

Senator DUNIAM: These are the prequalified—

Mr Fredericks: Yes, prequalified.

Senator DUNIAM: How did you determine Norton Rose Fulbright as opposed to any other entity?

Mr Hanlon: A value-for-money assessment.

Senator DUNIAM: That was a decision made at what level?

Mr Hanlon: I'd have to take it on notice. I suspect it would have been myself as the Chief Finance Officer at the time, but we can confirm that for you.

Senator DUNIAM: Was it at any point disclosed or declared to you or others in the decision-making process that there was a pre-existing relationship between the Environmental Defenders Office and Norton Rose Fulbright?

Mr Hanlon: I'd have to take that on notice. Our standard procurement does include conflicts of interest. We could go back and check that for you.

Senator DUNIAM: If you could; I'd be grateful to learn whether it was ever disclosed. In the EDO impact report of 2023 Norton Rose Fulbright is mentioned as a firm that works closely with and supports the EDO. I'd find it unusual if they haven't disclosed that or declared that potential or perceived conflict of interest when they're going to conduct a review into their operations. If you could please let me know whether a conflict of interest was declared, how that was managed, if it was declared, and the final cost of that review work as well?

Mr Hanlon: Yes.

Senator DUNIAM: My final couple of questions relate to an article that appeared in the *Canberra Times* on 21 February titled 'Departmental official scolded over brief refusal'. Are you familiar with that, Secretary?

Mr Fredericks: I am.

Senator DUNIAM: The ART have suggested that there was perhaps a less than appropriate approach being taken to the management of information in the department, to avoid having to provide information through FOI? Is that a directive that's been given to officials in the department, to deploy the approach that was taken by this official?

Mr Fredericks: The approach that was taken by the official I support unreservedly in those proceedings. The reporting is one thing, but I think actually reading the decision puts quite a different reflection on it. As you know, in FOI law, where the debate is about whether deliberative material should be made public, the question is whether it's in the public interest whether the deliberative material should be made public. In a sense, Ms Short made two very, I think, powerful and very fair submissions. Judicial determination of the public interest is always a matter for balance. Minds can differ. It's the same as ministerial determination of public interest. You know that in your former capacities. Minds differ on public interest. It's not linear. It's not always easy. At the end of the day, my official essentially advanced two propositions. One was that it is in the public interest for documents not to be released during an interim EPBC assessment phase, because it is interim. There is a very strong argument it's in the public interest to preserve the integrity of the decision-making process at that point in time. I think that was a very legitimate proposition. I support that proposition as a matter for argument in the proceedings. In fairness, the decision-maker didn't accept that, in this instance. But, of course, you will know at this stage that we have the right to consider whether to appeal that consideration. This is just one of those issues where different minds can form different views about what is in the public interest.

In this instance, the decision-maker thought it was in the public interest for the material to be disclosed. It was entirely proper for one of my officials to say that it is not in the public interest that the material be disclosed because of the need to preserve the integrity of a legislative decision-making process. I think Ms Short was absolutely right to put that submission, and I support her unreservedly.

Senator DUNIAM: Thank you for that. You are backing the approach taken, and that's fine. The ART has made its determination. You're considering your options. You haven't made a decision yet about that?

Mr Fredericks: We have not. The appeal period is still running. Better for us to be careful, I guess.

Senator DUNIAM: Yes, of course. No changes to administration, if I can use that general term, in response to what the ART found?

Mr Fredericks: None whatsoever. Ms Short was providing submissions in accordance with the law. This department applies FOI according to the law—full stop.

Senator CADELL: Just for clarification, because it may lead into the next one: who is responsible for the language in the climate change statement? Would this be corporate or would it go into this one?

Mr Fredericks: That would be the climate change group.

CHAIR: That concludes the examination of Corporate Matters of the Department of Climate Change, Energy, the Environment and Water. Thank you very much for your time.

[10:09]

CHAIR: I'd now like to call officers from the department in relation to program 1.1, Reduce Australia's greenhouse gas emissions. Senator Rennick.

Senator RENNICK: I hope this is the right section. I just want an update on the progress of where we are in terms of getting to 82 per cent of renewables in the grid by 2030 in terms of reaching that target, and where we're at on 24 February 2025 in terms of percentage of completion?

Mr Fredericks: That is in program 1.2, which comes next. The bifurcation is climate change now and energy next. I know it's not easy, to be fair. The reason I was looking around was to see whether any of the team were here.

Senator RENNICK: No, that's all right. I can come back.

Mr Fredericks: They'll be on next.

Senator RENNICK: There was an article in the *Financial Review* last week about a blowout in transmission lines from about \$2.6 billion to about \$4.1 billion. I've spoken to you about this before in terms of there being a regulated rate of return on transmission lines. Does that regulated rate of return apply to the blowout figure or the initial projected cost?

Mr Fredericks: Thank you for telling us that. The team will have heard that and they'll be ready to deal with that question.

Senator RENNICK: In 1.2?

Mr Fredericks: Yes, in 1.2.

CHAIR: Senator Waters.

Senator WATERS: Can I start off with some questions about one of the Queensland coalmine extensions that was approved right before Christmas, the BHP Caval Ridge mine? It was approved to expand its operations into new areas of land and to mine an additional 159 megatonnes of coal over the next 30 years. I'm interested particularly in the documentation for this expansion, which provides no information about greenhouse gas emissions from this expansion. Initially, the preliminary documents asked for that information. Then there's a record in BHP Mitsubishi's document saying, 'Following the receipt of the request for information and subsequent discussion with the department, it's understood that responses to emissions information were not required.' My first question is: why did you initially ask for scopes 1, 2 and 3 data for this coalmine expansion, and then after discussions decide that, in fact, no, you didn't need that data after all?

Ms Johnson: Part of your question does actually go to the operations of EPBC colleagues in the department, which is a different outcome. I am in the position to inform you that the approval date was 19 December last year. On 20 December, the EPBC delegate provided advice to the Secretary, the Minister for Climate Change and also the head of the CCA that the maximum scope 1 emissions from the Caval Ridge Mine Horse Pit Extension project were 0.12 million tonnes a year and 4.31 million tonnes over the decades between 2025 and 2062. With apologies; it is the EPBC colleagues that you would need to ask that sort of question about the emissions information. What I've just quoted you is the emissions information that was provided then by the EPBC delegate to the Secretary and others.

Senator WATERS: Thank you. How did you have that data if you had discontinued your request for it?

Ms Johnson: That's the part that I'm unable to answer, because I sit in the climate change group, not the EPBC group. That's a question for outcome 2.

Senator WATERS: How would you normally get that information in your group, via an EPBC request for expansion for yet more pollution?

Ms Johnson: We would get it in the same way as we got it from this project, a letter from the EPBC delegate to the Secretary and others.

Senator WATERS: The proponent doesn't come directly to you, they go through the EPBC process?

Ms Johnson: That's correct.

Senator WATERS: Ergo if that information is not in the EPBC process there's no way for you to be informed what the emissions are?

Ms Johnson: In some way, the emissions did get to the Secretary in this way. The EPBC colleagues did receive at some point information on emissions that they then provided to the Secretary. In this instance we were provided scope 1 information as required under the Climate Change Act.

Senator WATERS: Can you tell me what section I ask in terms of the—

Ms Johnson: Outcome 2.

Senator WATERS: Thank you. Sticking with that particular mine and now asking about the methane emissions—the IEA estimates that coalmine methane emissions, in particular from open-cut coalmines like this one, are likely to be underestimated by up to 80 per cent. They assert that coal companies are dramatically underreporting their emissions. The existing Caval Ridge mine—not the extension that was just approved six days before Christmas—reported 314 megatonnes in 2023 to the Clean Energy Regulator. But there has been some independent investigation that shows it's potentially five times as much as that. Were methane emission estimates reported in Caval Ridge's referral or approval for the extension or in any comms between the climate and environment ministers? Basically, how do you get that information about the scope 1 methane emissions?

Ms Johnson: The information that we receive is on the basis of carbon dioxide equivalent. That would be using the global warming potential of methane then converted to a carbon dioxide equivalent. I'd have to take on notice for you if we received anything specific to methane for that project.

Senator WATERS: What is the government doing to fix Australia's coalmine methane reporting problems and ensure that companies are reporting in fact the true scope of their gassy methane emissions?

Ms Rowley: Senator, as you know, Australia takes great pride in its greenhouse gas inventory work. We have more than two decades now of continuous improvement and innovation, including in relation to the estimation of emissions from coal and gas activities, including fugitive methane. We've expanded the coverage of the inventory over time. We go beyond minimum requirements under the UNFCCC and Paris Agreement requirements. We keep a close eye on new research, data and technologies at home and abroad to continue to improve the quality of our inventory. You'll be aware that the Climate Change Authority made a number of recommendations in its most recent review of the National Greenhouse and Energy Reporting Scheme, including in relation to improvements and improving our understanding of fugitive methane emissions. The government released its response to that review last year. We've taken a number of actions to implement the government response.

Last week, the government announced the remaining members of an expert panel which will provide advice to the government on the role that new technologies and emerging methods can make to estimating fugitive methane emissions from coal and gas facilities. That complements other work that we're doing, including commissioning further research and analysis of different technologies, the different estimates that they generate and what that tells us about the validity and usefulness of different technologies in estimating those emissions. There are also contributions, including internationally, to the International Methane Emissions Observatory, the IMEO, where we collaborate with other countries to better understand technologies and methods for fugitive methane. In terms of how that all maps back to our domestic emissions measurement scheme, the NGER Scheme, we made some changes last year as that first tranche of activity to implement the government response to the CCA review. We have a work program that continues for both developing new methods and removing the availability to some of the more generic methods for estimating those emissions from those facilities. I can go into detail if you like, but that's the big picture.

Senator WATERS: That is very helpful. Perhaps you could provide me the detail on notice. I'm interested in the generic measurements that you imply as being phased out as you develop newer, presumably more accurate, methods of measuring fugitive methane emissions. Is it the case that those generic measurements will have applied for all of the coalmine approvals essentially to date? Therefore, potentially you've got a whole lot of coalmines that are even more gaseous and producing even more CO₂ equivalents than you had initially estimated. What's going to be done about that? If our figures are wrong and these gassy mines unfortunately keep getting approved and extended by the current government, if we've radically underestimated their methane to date, how are you dealing with that, not to mention how the climate is going to deal with that?

Ms Rowley: I think there's an assumption in your question that I wouldn't necessarily agree with. There is a range of estimates claimed with respect to the emissions from different facilities, including coal and gas operations in Australia. Some of them are made using new technologies that have not been proven to be accurate for the uses they're put to in the studies that publish those estimates. Indeed, the people who publish those studies acknowledge the significant uncertainty in the estimates arising from the application of these new techniques. Also, when you change the methods that you're using for greenhouse gas emissions estimation, it doesn't necessarily mean that you get a higher estimate. We have different tiers of estimation methodologies. Some are based on more average emissions factors and others require more detailed direct measurement of the emissions from specific facilities. In many cases—indeed, I think in all of Australia's, for example, underground coalmines—all mines are already using those higher tiered methods. It's not that we have a widespread use of methods that would necessarily underestimate the emissions at all. That's not the case.

Senator WATERS: It sounds like it's all very speculative, with no disrespect meant to the expertise of the people no doubt doing their best to try to estimate this. It sounds like your old methods are potentially underestimating and your new methods might not be accurate either.

Ms Rowley: If that's the impression you got from that—

Senator WATERS: That was the impression—

Ms Rowley: No. I think the speculation is with respect to the direction of the effect when you move to new methods. I would say it's not always that the estimates would go up. Sometimes they would go down. How does that map through? We regularly revise estimates for greenhouse gas emissions at the national level through our continuous improvement program for the national inventory. Companies also, as methods are revised and improved, update their own facility level estimates as well.

Senator WATERS: I'm not sure if this one better belongs to the minister: why do you keep approving gassy coalmine expansions when you still don't have a clear picture of precisely how much fugitive methane emissions these gassy coalmines are producing, knowing that methane is, whatever it is, 26 times more potent than CO₂?

Ms Rowley: The emissions from facilities are measured and reported in accordance with the requirements under the National Greenhouse and Energy Reporting Scheme. The methods that Australia uses are world-class. We require standards of measurement and reporting that are at the top tier of methods that are available internationally; indeed, in some cases, we're the only country applying those high-tier methods to these facilities at all. Australia already makes the best estimates that are possible for different kinds of facilities and different kinds of emissions. We are, regardless, always looking for ways to improve those estimates and to make best use of the emerging technologies that continue to become available over time. I don't think that it's correct to say that the decisions or the work is being done in ignorance of the impacts. We're making the best estimates available based on the international rules under the IPCC and the high-tier requirements that we have translated through to the National Greenhouse and Energy Reporting Scheme.

Senator WATERS: Lastly, you mentioned the expert panel on methane reporting that you've just finished appointing people to last week. Given that their work is now presumably going to commence, will the government put in place a moratorium on approving gassy open-cut coalmines until that expert panel assessing measurement of methane can actually finish its work? Surely you want to find out what they're going to say before you keep approving new coalmine expansions?

Senator Ayres: We have the highest standards of any country on earth on these questions. I'll put it a bit more colloquially than Ms Rowley put it. She's taken you through, I suspect not for the first time, the department's and the government's approach to engaging the best scientific advice. As she's indicated, we have a world-leading approach in Australia, with the highest standards of any country on earth in relation to these questions. There's no lack of curiosity and engagement with the scientific community about where improvements and adjustments can be made. As Ms Rowley has indicated to you, there's a lot of noise in this area. There is the world of science and technology engaged in these areas and, of course, there areas of difference and improvement outside of that. There are people who make all sorts of claims in relation to parts of the evidence that they have read on either side of the argument. The job for government here is to work with the processes and frameworks and the experts to deliver the best possible approach. That's what Australia does.

Senator WATERS: So no moratorium while that work is underway? You'll just keep approving the coalmine expansions?

Senator Ayres: We will approve mining and resource projects, wind farm developments, large-scale solar developments—

Senator WATERS: I don't think those ones have methane associated with them.

Senator Ayres: all consistent with what is the world's leading environmental regulations. We will continue to do that in the national interest. We'll do that in a way that supports Australia's development, but we're doing it in a way that is consistent with the world's best environmental standards.

Senator WATERS: So no moratorium?

CHAIR: Senator Cadell.

Senator CADELL: Can I ask about carbon leakage? There was a November slide deck and a November consultation paper out on that. Where are we on the process of looking at carbon leakage?

Ms Johnson: As you've referenced, we released the second consultation paper from the carbon leakage review, which was led by Professor Frank Jotzo. We released that in early November and accepted submissions

until 3 December. As you're aware, this has been a particularly complex and technical review. The final report has not yet been provided to government, but we anticipate that will be provided to government soon.

Senator CADELL: For those watching at home, your paper states that carbon leakage undermines efforts to reduce emissions in relevant sectors, and the literature suggests that domestic efforts to reduce emissions are typically partially offset by a resulting increase in net global. So shut down here and go somewhere else is basically that point?

Ms Johnson: That's correct.

Senator CADELL: How much of Australia's steel industry, given that's a very topical thing, is covered by the safeguard mechanism?

Ms Johnson: I would have to take that on notice. Certainly, BlueScope Port Kembla and the Whyalla steelworks are both covered facilities. I understand also that InfraBuild is covered in New South Wales. I just have to take on notice the proportion of any others covered.

Senator CADELL: For those big two and I think the InfraBuild processing plant in Newcastle?

Ms Johnson: Exactly.

Senator CADELL: How much is the cement industry?

Ms Johnson: It's 100 per cent in terms of domestic cement production.

Senator CADELL: When we're seeing governments take action, we're talking about steel in Whyalla specifically recently in the last week. Slide 12 on the slide deck states that it expects over the next five years steel in treated flat products exports are set to decrease by circa 10 per cent by 2030. Is that correct?

Ms Johnson: I have to take on notice which slide deck you're referring to.

Mr Fredericks: I was going to ask that, too. Are you able to tell us what slide deck that is?

Senator CADELL: Yes, part of the consultation process.

Ms Johnson: We undertook a number of both public webinars and international—

Senator CADELL: I will take that on notice and ask someone listening in the office to text you.

CHAIR: We can table it if you have a copy of it.

Senator CADELL: Is that the department's position, that flattened steel products exports are set to decrease by 10 per cent? Is that your understanding?

Ms Johnson: I'd have to take that on notice.

Senator CADELL: There's been no work looking at that so far?

Ms Johnson: Any figures on those slides would be subject to a range of assumptions about different carbon prices both in Australia and internationally. I'd just have to take on notice for you exactly the implications.

Senator CADELL: It was in the November consultation material; I'm just being texted.

Mr Fredericks: I know you're making best endeavours to identify the source but, right now as we sit here, we don't know whether that information is departmental information. It could be from the review itself.

Ms Johnson: I would like to give you the assumptions that surround whatever figure it is.

Senator CADELL: I will just talk very slowly while someone is typing a message to me. What time are we expecting to have this review consultation process given to government? 'Soon' like so many reports, at the end of this period of estimates—that soon?—or are we talking months?

Ms Johnson: I'd say within a couple of weeks.

Senator CADELL: So, at the end of estimates.

Senator Ayres: We should be a little bit adult about this. A review has been undertaken. I'm not close to the review. There is a little bit going on in global steel markets. The government has undertaken something that I notice Mr Dutton belatedly has supported. It's something he never would have done if he were in government. The government has taken unprecedented action to make sure that Australia has future steelmaking capability in Whyalla. We have supported the aluminium sector. There is a process going on across global steelmaking and global aluminium manufacturing as companies shift their production processes to lower or zero emissions production processes, largely to do with their use of electricity. The question for Australia from a strategic perspective is: is that activity going to happen in Australia or is it going to happen somewhere else? It is not up for debate in these companies about what the direction of travel is for those enterprises. It is of significance for Australia from an employment perspective and from a strategic perspective that activity happens in Australia.

In terms of carbon leakage, I would just point out gently that there are also opportunities in this area to secure low or zero emissions production of products here in Australia because of our unique comparative advantages, all of which is opposed by your side of politics in a sort of boneheaded, anti-Australian, anti-industry, hyper-ideological sort of way. The implication that the core assumption that sits underneath the coalition's \$600 billion publicly funded electricity plan is to force electricity intensive manufacturing offshore is core to the position. As we discovered, if we're talking about slide decks, in Mr Taylor's slide deck that became publicly available a few weeks ago before he came into parliament he was urging the aluminium industry to go offshore; he said they weren't competitive and didn't have confidence in Australian manufacturing. There will be a review that will take its course. This is a government that's not going to act according to the estimates schedule or the political schedule, as you tried to observe. We're not deferring these questions until after estimates, we're dealing with these questions in the national interest in a set of areas that are of real strategic importance. We're not going to play silly politics with it.

Senator CADELL: I will take the point that we said this would be 'respectful'. The minister said 'boneheaded'. We heard these things. There is one person making this political, and it's you. We are used to the political games of not getting answers before estimates so we can ask the right questions. You raised the aluminium program. If we are making the cleanest and cheapest energy in the world, why do we have to give \$2 billion to the people using the cleanest energy in the world? Because it is a falsehood. There is one person playing games here. We are going around handing money to all of these people who should benefit from so-called clean energy emissions, but you characterise it as something else. You don't have to hand out money if it is cheap. You can choose one choice. It is cheap energy that will make our industries competitive, or they need to be bailed out because they won't. Pick one and stick to it, because you can't have both.

I refer to consultation deck No. 2 and the carbon leakage review second consultation paper, page 12. Your own government papers and department suggest we will lose market share to overseas by carbon leakage. On that page, steel treated flat products—decreased by 10 per cent of exports. Crude steel exports are set to decrease by seven per cent. Cement clinker imports are set to increase by 25 per cent. We went through this Future Made in Australia. It is a future assembled in Australia, because your policies are nothing more than logos. You want to call them 'boneheaded'. No-one has sunk to that political level except you here today. When we are trying to ask questions specifically on government documents, you make it political. I will not go any further than that. Ms Johnson, where did those assumptions come from in that document?

Ms Johnson: I don't have that in front of me, but I will say that the illustrated estimates for things such as carbon leakage were really set out for the purposes of being an illustrative example. For example, that assumed no carbon costs in other countries. Obviously, that's really at the upper bounds of any sort of change in production. Really what I think we were looking at there as part of the review was 73 commodities to identify those that may be at emerging carbon risk. Importantly, this is over the medium term rather than the short term. As that deck would have said, it shows that the safeguard settings, including things like trade exposed baseline adjustment and the funding under the Powering the Regions Fund, are appropriate and sufficient in the short to medium term to manage carbon leakage risk. Really, it was about showing the relative differences across commodities rather than looking to fix on a particular figure.

Senator CADELL: Thank you. Here is the document. I'm happy to rotate the call.

CHAIR: Senator Roberts.

Senator ROBERTS: The minister and the secretary have both individually promised that you'll be able to give me the answers to my questions on costs of climate and energy policy. I've asked about the costings of 76 policies twice—last October and last May.

CHAIR: Can you give the reference for those questions on notice so the officials can have those in front of them?

Senator ROBERTS: Yes, SQ24-001186. For each policy that I list, please provide the actual amount spent in the last three years and the amount to be spent in the forward estimates.

CHAIR: Senator Roberts, can I just stop you there. I'm not sure that any of us have the stomach for you to read out all 74 of those policies. Maybe we could go to the substance of the response. I'm just looking at it now. Maybe the officials could just give you a sense of why they haven't filled in your table?

Senator ROBERTS: Yes, I'm happy with that.

Ms Munro: In relation to your question on notice SQ24-001186, those were questions directed to the department. As you know, there are a number of measures that are the responsibility of a number of other departments. In our answer to you the department outlined the comprehensive set of climate change policies, and

we made reference to that. But the fundamental part to answering the question was in fact the reference to the portfolio budget statements where all of the details about those programs are available. That's both from the department's perspective, and you also have the broader budget papers themselves.

Senator ROBERTS: You're still refusing to give me those individually? I can see it's in the last paragraph of your answer.

Ms Munro: Jason Mundy is here. He's happy to elaborate a little bit further at this time.

Mr Mundy: As Ms Munro was outlining, part of the complexity in endeavouring to answer this question on notice was that it contains a number of different elements which aren't readily answered in the form that was requested. Under the circumstances, by far the most reliable source for information on spending is the budget papers. Of course, where a program is a significant spending program and it's within the responsibility of this department, it's possible to track expenditure. For example, on some of the specific programs that are within the purview of this department, the answers to your questions are available and can be seen in the budget papers. A couple of examples of those are, for example, in the 2022-23 October budget paper No. 2, powering Australian community batteries for the household sector. That will track the spend over the preceding three years, demonstrating that there was a \$46.6 million spend over those three years. It will also track the forward estimates for expenditure over the forward estimates, demonstrating there's \$175.8 million in the forward estimates. Really, the budget papers are very much the best point of reference for answering your question, and that was the substance of our response.

Senator ROBERTS: Thank you very much. I read the response. Multiple agencies are discussed. Minister, is there any person or agency overseeing and coordinating the total cost and the interactions of the various policies?

Senator Ayres: Of the range of government policies in terms of energy and—

Senator ROBERTS: There are 76 of them that we asked about.

Senator Ayres: There may be—

Senator ROBERTS: We've just talked about complexity, and the most reliable answer. I'm just concerned about the reliability of what's happening in our country.

CHAIR: Minister, I'm not sure that you've got it in front of you, but I just had a quick skim of those 74. There are things like 'Engagement with First Nations community', which I would imagine covers a vast number of the 74 on the list. I think the way you've characterised this would probably make it quite difficult. Minister, I don't know—

Senator Ayres: I'm not sure whether it's a list of policies that are relevant in terms of energy more broadly—electricity, climate, the environment—or it's a list of things that the One Nation Party doesn't like. It's very difficult to answer your question. There may be more of these programs. The truth is that there is a range of commitments that the government has made. The previous government signed up to net-zero objectives, which was supported by the Labor Party. We have a practical, commonsense plan to achieve objectives like getting the electricity system to 82 per cent and to make sure that electricity for households is the lowest cost, most reliable framework; renewables and storage backed up by gas-peaking capability. Of course, that cuts across all sorts of government activity. This is in terms of the relationship between these areas of production and the risks to which Senator Cadell was referring, of course, in terms of a range of areas in which the government is active, in relation to Australia's future competitiveness, carbon leakage—all of these sorts of questions—and also the opportunities for Australia that sit at the nexus of energy policy and what's going on in markets around the world for our mining and resources sectors. These areas that of course engage all of the departments that will be in front of this committee today, but also the Department of Industry, Science and Resources, Treasury, the Trade portfolio, and the Prime Minister. This is a cabinet-style government. It's a proper Westminster-style cabinet government where ministers make decisions in accordance with their portfolios and the budget is administered by the Treasurer and the finance minister in the way that you'd expect. A list of programs that sit across government? I'm not quite sure what the motivation is for clustering them all together. The department can answer for the programs that it's responsible for. If there are broad questions about how these matters are coordinated across government, there are opportunities in Prime Minister and Cabinet estimates and Treasury estimates to traverse those questions as well.

Senator ROBERTS: Minister, your government is spending more than \$30 billion a year on climate and related energy policies. There's a massive, complex web of regulations, programs and schemes. What you've just told me is that there's no-one who can oversee the lot and put their finger on everything that's happening. We've seen other areas of spending in this government and previous governments derailed. People do not know where the money is going. I'm really concerned about that. We've just heard the previous witness talking about

complexity and reliability. We don't know the impact of these policies on the natural environment, the human environment or the economic environment. It just seems that it's out of control—\$30 billion-plus a year.

CHAIR: I'll give you a couple of minutes to respond, Minister, and then we're going to go to a break.

Senator Ayres: I'll take 10 or 20 seconds. That's a figure that you assert. I'm not sure of the source for that, whether it's work that your office has done to try to aggregate spending across government in all of the areas that you're concerned about or whether it's sourced from some other One Nation document. I do not have that figure in front of me. The truth is that modern government is complex. Australia is facing a complex environment. Simple one-word or two-word slogans are not a substitute for actually having competent government dealing with these issues in a commonsense, sensible and pragmatic way. That is what the government is doing. That's our job.

CHAIR: We'll now suspend for a tea break. We will return with outcome 1, program 1.1.

Proceedings suspended from 10:50 to 11:06

CHAIR: We will now return to outcome 1, program 1.1. We will go to Senator Blyth for her first line of estimates questioning.

Senator BLYTH: Thank you, everyone, for appearing today. Can the department confirm whether Australia is still on track to submit its 2035 emissions target on time?

Ms Munro: As the minister and the government have stated, what's actually required is advice from the Climate Change Authority, under the Climate Change Act. The chair of the climate authority made it clear in December that they were going to be undertaking further analysis. The government has to await receipt of that advice before it's in a position to consider it and then put forward Australia's updated 2035 target.

Senator BLYTH: We're not going to go online with other countries that have managed to get theirs in? How long is the delay going to be?

Ms Munro: There's a range in what other countries have done. As at 19 February, 15 of 195 Paris Agreement parties have actually communicated their NDCs that included an updated 2035 target. What we are actually expecting is that countries over 2025 will put forward their NDCs. Probably a useful clarification from the executive secretary of the UNFCCC, Mr Simon Stiell, was that he was really calling for all countries to submit by September because this will allow the UNFCCC to do a synthesis report prior to the big COP in Brazil that will be happening in November.

Senator BLYTH: Can we assume that Australia will meet that deadline of September 2025?

Ms Munro: That's right.

Senator BLYTH: Did the department recommend or approve the website change that removed the February 2025 deadline? It was due in February 2025, and that was changed in December, I believe, on the website?

Ms Munro: I think we'll need to take that on notice. Referring to my earlier comments, it was a nominal day of February. As I said, it's a much smaller proportion of countries—15 of the 195. Australia is in good stead with other countries this year in terms of the timing for its NDC.

CHAIR: Senator Darmanin.

Senator DARMANIN: My questions are in relation to the Frontier nuclear energy modelling report.

Mr Fredericks: I think those questions will be best answered in program 1.2 when we're dealing with energy. The team are waiting, so, once we're done with climate change, we'll be on to that one.

CHAIR: Senator Cadell.

Senator CADELL: What's the current number on emissions reduction since the 2005 baseline?

Ms Rowley: The latest estimate of Australia's greenhouse gas emissions is 28 per cent below 2005 levels. That's from our June 2024 quarterly update, which was published last November.

Senator CADELL: When is the next one due? Is it about now?

Ms Rowley: It's due at the end this month. We're just finalising it at the moment.

Senator CADELL: Some claim that emissions are higher for different reasons than they were at the end of the last government, the last quarter. Is that true?

Ms Rowley: Do you want to elaborate a little?

Senator CADELL: How do emissions compare with the March quarter of 2022?

Ms Rowley: For the year to March 2022, emissions are marginally lower at the moment, on our latest estimates. As we discussed at our last estimates hearing, that reflects that there are some quite different trends

happening at the sectoral level. In particular, 2022 was probably the year emissions were most affected by COVID related restrictions and changes in the economy. In particular, you can see that in transport emissions, which were at something like a 10-year low. Since those restrictions have been lifted, those emissions have come back to their pre-COVID levels. On the other hand, emissions in electricity, in stationary energy and in industrial processes have all been declining. COVID was such a confounding factor in trends. If you go back to pre-COVID, the emissions in the year to December 2019 was the last estimate we have that wasn't affected by those COVID trends. Emissions are now around 10 per cent lower than then.

Senator CADELL: The difference between 10.1 and 10.2 gets clouded in this space of the 43 and the 82. The minister and the government are still claiming they're on track to reach 43 by 2030. I'm trying to get the right phrase you used last time. 'Additional measures' I think is the right one. I think 42.6 was the number at the last estimates. Have we found 0.4 per cent more in additional measures that we're confident we'll reach by 2030?

Ms Rowley: I can speak to the 2024 emissions projections. They were also published in November last year. That includes a baseline scenario with policies that are now being implemented.

Senator CADELL: For the record, what's the baseline—

Ms Rowley: And a 'with additional measures' scenario, which has some additional measures related particularly to the government's Future Made in Australia agenda. Under those 2024 projections, we see in the baseline scenario that emissions over the period 2021 to 2030, which is partly how Australia's target is defined, are to be three per cent below the targeted budget. We're overachieving relative to the target in a budget sense. For the point in time for 2030, the emissions are projected to be 42.6 per cent below 2005 levels in that baseline scenario.

Senator CADELL: So, 42.6 with baseline now?

Ms Rowley: That's right; in the baseline. That's an improvement from the 2023 projections, where emissions were projected to be 37 per cent below 2005 levels in—

Senator CADELL: So, that's a five per cent improvement in reductions in 12 months in baseline—

Ms Rowley: In the baseline. That reflects the fact that progress was made in implementing some of the government's key policies and measures.

Senator CADELL: Some of the additional measures had become baseline?

Ms Rowley: That's right.

Senator CADELL: So, additional measures would have reduced the scope of that?

Ms Rowley: As to the 'with additional measures' scenario, again, reflecting the fact that the government's policy intentions continue to evolve—we did the 'with additional measures' scenario. This simply included some of the Future Made in Australia measures, as I said, and that one was almost identical. It's because the composition of the economy shifts with those measures. But at the headline level, emissions are projected to be 42.7 per cent below 2005 levels. So, just a very small difference in 2030, and the same outcome on a budget basis—three per cent better than budget.

Senator CADELL: Still under 43?

Ms Rowley: It's just shy of the 43 per cent legislated target; that's right. That's not unusual. We're currently five years out from the target year, and it's not unusual to have a gap that far out.

Senator CADELL: Given the assumptions in the budget look at performance, a lot of industry sources are saying that a key component—and I know we're not on energy yet—of the 82 per cent renewables will not/cannot be achieved. I am in that basket; I think it is becoming increasingly difficult. What exposure do we have if that is not met? That's a downside risk. Are you contracting that government policies may not deliver the full 82 per cent renewable contact by 2030 in that estimate?

Ms Rowley: The emissions projections assume that policies are implemented as planned—

Senator CADELL: In full?

Ms Rowley: and so in full. That's right. Those estimates reflect the full achievement of the government's 82 per cent renewable target by 2030.

Senator CADELL: Does the department have additional modelling where those aren't met? Do you look at scenarios where we aren't building at the rate of renewables that we thought we would: there are lower things, there are increased difficulties in getting approvals for things, and it is going slower. Do you have models that look at that?

Ms Rowley: Emissions projections, as I said, focus on implementation of government policy. With respect to the emissions projections, no, we don't.

Senator CADELL: I understand that. There are no other models other than 'everything works'?

Ms Rowley: I couldn't speak to all of the modelling done; I can just speak to the emissions projections.

Senator CADELL: There are no emissions projections within the department other than 'everything works'?

Ms Rowley: We construct the emissions projections in accordance with our international obligations, including the guidance issued under the UNFCCC and the Paris agreement. The scenarios that we model incorporate the government's policy intentions.

Senator CADELL: I get that. However, my very specific question is: there are no other models of emissions projections within the department other than government policy is carried out in full?

Ms Rowley: For the work that I can speak to, that's correct. I would note, however, that you can look at the emissions projections over time. These are published every year and show the cumulative effect of these new policy measures. For example, the 2023 emissions projections did not include the impact of the full Capacity Investment Scheme, which is one of the key measures that's going to help secure 82 per cent. That achieved a lower level of emissions reductions at that time. Now lots of things change in the economy in the policy architecture, so it's no longer our best estimate. The shift between 2023 and 2024 in large part was due to the implementation of the Capacity Investment Scheme and the implementation of the new vehicle efficiency standards. Details about both of those policies are included in both of those reports, if you wanted to get an indication of how important they are.

Senator CADELL: You mentioned the new emission vehicle standards. I think that, under the modifications made in legislation, that was meant to deliver only two-thirds or half of what was originally planned because of the trade-offs at the end. How much was transferred to baseline budget versus what was the additional measure?

Ms Rowley: The 2024 emissions projections reflect new vehicle efficiency standards as legislated.

Senator CADELL: My last question: we are now at 42.7. That is three per cent above budget, the 42.6 baseline, which is under the 43, suggesting that everything works as planned under your model. Everyone we have here—Snowy Hydro, Kurri, Peaker, transmission lines—run slow and late. There is no fat, is there? There is no excess comfort. There is no extra insurance policy to get to 43, is there?

Ms Rowley: I'd say a couple of things; others might also like to contribute. These are our best estimates based on what we knew last year when we were putting together the projections. All of the assumptions that inform the projections evolve over time. They evolve because of what Australia is doing, and the concept that Australia's policy would remain fixed for the next five years is unlikely. It reflects global developments, including global demand for Australia's exports. It reflects what we know about technologies now. Over the next five years I would anticipate that will change as well. They can go up as well as down. The projections reflect our best estimates based on what we know now. As the policy mix changes, as the technology mix changes, as global action changes, we will continue to revise those estimates and publish our best attempt every year.

Senator CADELL: I get as policies change and as global things change we will reassess. We are looking at all these international policies. From what I am understanding, no-one is modelling what is actually happening; they are only modelling the policies. Is that correct?

Ms Rowley: Each year we update in light of what is stated with respect to the timing of projects. As project timing shifts or as project performance or specifications change, we map that through to the projections.

Senator CADELL: I remember my first estimates here where we argued about the modelling that created this. It came from an external source. It was great fun. The modelling came from an outsource. I think it was Frontier Economics, the same people. These are the same people who said that we are going to get \$275 cheaper energy bills. They are the same people who did these projections on emissions and 82 per cent renewables. Given that one has not been met, what confidence do we have that the other side of that is going to be met?

Ms Rowley: Senator, I think it is fair to say that the government has legislated its commitment to 43 per cent reductions by 2030. It continues to track its progress towards that target, including through statements to parliament each year by the climate change minister, and it will continue to revise its policies and measures in light of how it's tracking to that target.

Senator CADELL: Thank you, Chair.

CHAIR: Senator Waters.

Senator WATERS: I think my questions will be to you, Ms Rowley, covering some of the issues we spoke about before. In 2023 Queensland's Caval Ridge open-cut coal mine reported emissions of 314,000 tonnes to the Clean Energy Regulator. But satellite monitoring by the AI Gore backed emissions monitoring project, Climate TRACE, records emissions from that mine to be 1.8 million tonnes, more than five times what the mine is reporting to government. What action are you taking to reconcile that discrepancy?

Ms Rowley: As I referred to earlier in my comments, we take great care in compiling the inventory, as well as the rules for facility-level emissions reporting, and we continue to improve them as technologies improve. We're aware of studies by a range of organisations that seek to estimate emissions from fossil fuel projects—I am not familiar with the specific study you referred to, but I am familiar with similar ones. We have been engaging with those groups and other experts. This is from IEA, from international studies and from domestic experts, like those at the Superpower Institute, to really understand what they're doing and how they get those estimates. They typically employ top down or satellite based estimation methods, coupled with some different sampling and modelling approaches applied under a range of conditions. They are often also time specific, so they might involve a few data points over time, or in some cases even single ones, which then get extrapolated to estimate, for example, annual emissions. Study authors, as I said earlier, typically acknowledge that there is very high uncertainty associated with these methods. They are not the methods that are prescribed and required to be used by countries, including Australia, under the UNFCCC and under the IPCC guidelines. These methods are not those that we use in our national inventory, so the numbers aren't directly comparable.

However, we have taken a strong interest in satellite based estimates for things like fugitive emissions. We use satellites as one of the inputs to compiling our land inventory, and we have for many years. We have commissioned research to understand what that technology can do better. Also, given the level of interest and the very divergent estimates that come from these technologies, in its response to the CCA review, to which I referred earlier, the government has established an expert panel. That committee is led by Australia's former chief scientist, Dr Cathy Foley, and has been tasked to take a close look at these new technologies and to advise the government on the potential role that those measurement approaches could play both in our National Greenhouse and Energy Reporting Scheme, which is the facility-level estimates, and the National Greenhouse Accounts more broadly.

Senator WATERS: Basically you're saying, 'Their methodology is dodgy,' and you will just believe what the companies say?

Ms Rowley: No. What I am saying is that their methodology uses new technologies which are not part of the international rules for national greenhouse gas accounting. We're interested in it. We're keen to learn more about how those technologies can be appropriately used in deriving rigorous estimates, both at the facility level and to inform the national level. We are very actively involved through this expert panel that's been established as well as commissioning our own research to understand it better so that we can put it to appropriate use. The difference is that new technology doesn't necessarily always give you rigorous estimates from day one, because it has got constraints and it has got limitations and we need to understand it so that we can use it properly.

Senator WATERS: Is the expert panel now looking at how to incorporate satellite based methane measurements?

Ms Rowley: The expert panel's terms of reference have been published and are available on our website. In a nutshell, it's to provide advice to the government on the current scientific understanding of atmospheric approaches for estimating fugitive methane emissions; the role that they could play in the National Greenhouse and Energy Reporting Scheme, NGER, and our greenhouse accounts; and the improvements in scientific understanding, technology and Australian capability that we would need for optimal use of these approaches into the future.

Senator WATERS: That does sound like very useful information, but you're not stopping approving coal mines while you are gathering that information?

Ms Rowley: My understanding is that new projects are subject to normal environmental, social and other approvals processes and new proposals need to go through those processes.

Senator WATERS: Which don't have climate elements to them. Just on that change of methodology, I found a useful report during the break by an organisation called Ember, which is entitled 'How an accounting shift could conceal millions of tonnes of coal mine emissions'. The report talks about that change from method 1 to method 2, which we covered earlier, although it uses some terminology that I found useful. Essentially, it says that company led emissions estimates—and I will ask you about the style of estimation that you are now moving towards—are miraculously finding that they are less methane intensive. How convenient for those companies that when they do

the reporting themselves they find: 'Hey, there's no problem here. Go back to sleep.' What verification do you do of that company led estimate of methane?

Ms Rowley: Companies that have obligations to report their greenhouse gas emissions at the facility level, under the National Greenhouse and Energy Reporting Scheme, are subject to the requirements of that law and the associated rules, and it's overseen by the Clean Energy Regulator—an independent statutory authority that administers that scheme. They might be better placed to speak to the details of the verification arrangements, not only firm led but also the checks that the regulator itself conducts with respect to the kind of accuracy and veracity of those reports.

Senator WATERS: Is there any legal prohibition on false or misleading information in the provision of that methane estimate?

Ms Rowley: There are definitely penalties for noncompliance with obligations under the law and the statutory rules. The Clean Energy Regulator could speak more specifically to those.

Senator WATERS: Is there a prohibition on false and misleading information? There's not in the EPBC Act. I'm just asking about this other legislative regime that the CER is overseeing.

Ms Rowley: I'd need to take the details on notice. I am very happy to provide further information on that.

Senator WATERS: Let's hope there is. The report says:

... the Australian government's proposed shift towards unverified company-led emissions estimates could render millions of tonnes of methane invisible, whilst satellite measurements continue to raise serious under-reporting concerns.

I want to get your reaction to that. The other statement was:

Expanding the existing, under-regulated approach to self-led reporting without holistic improvements to Australia's sovereign methane measurement and verification capacity will only further undermine the integrity of our emissions inventory, and increase sectoral unfairness across the Safeguard Mechanism.

What do you say to those contentions?

Ms Rowley: The main thing I'd note is that we're doing quite a lot of work, and this continues many years practice of continuous improvement both in the national inventory and in the NGER Scheme, the facility-level reporting. I will provide a few examples—and this picks up the discussion we were having earlier. Last year, the government amended the NGER Scheme to phase out the use of method 1, which is the—

Senator WATERS: State-wide.

Ms Rowley: most generic method for estimating fugitive emissions from coal extraction for open-cut mines covered by the safeguard mechanism. We introduced an additional method 2, which is a higher tier—

Senator WATERS: Yes; the company-led self-reporting one.

Ms Rowley: to incentivise uptake of more accurate methods for estimating fugitive methane emissions from flaring of gas in natural gas production. And we updated method 2 for estimating fugitive methane emissions from produced formation water occurring in oil and gas operations to better reflect onsite operations and incentivise onsite abatement. We also require the Clean Energy Regulator to publish the methods that are used by safeguard mechanism facilities to estimate their emissions so that there is that additional transparency with respect to what sits behind the emissions estimates that companies provide. Facilities are required—you are correct—to report on their emissions in the same way that I'm required to report to the tax office on my tax arrangements.

Senator WATERS: But the tax office can verify with you. I am interested in the verification that happens.

Ms Rowley: Those reports are governed by law. They are administered by an independent regulator, and there are penalties for noncompliance.

Senator WATERS: But you are not sure what verification process the CER uses. I now have to ask them whether they check what the companies say is accurate or whether they are just taking a company's word for it. The department doesn't have any oversight of that. I am astounded.

Ms Rowley: The Clean Energy Regulator is responsible for the administration of the law. They're best placed to speak to their compliance and enforcement practices. As I said, I am very happy to take on notice to provide additional information with respect to the requirements of the law. I just don't have those details here with me.

Senator WATERS: Has the department ever actually asked the CER to tell you, the department, what verification they use for these claims that coal companies make?

Ms Rowley: I've had briefings over the course of the last three years, as the executive responsible for the NGER Scheme, including from our Clean Energy Regulator colleagues, and including where they've talked about

their compliance practices. But, as I say, I don't have that detail. They are much better placed to speak to their practices than I am.

Senator WATERS: Thank you.

Senator CADELL: The IFLM—do you guys deal with that?

Ms Rowley: Yes.

Senator CADELL: What is the current update? Where are we at on land management?

Ms Rowley: I will start, and my colleague might want to add some specifics. IFLM, for those who don't speak acronym, is the Integrated Farm and Land Management method, which is being developed under the Australian Carbon Credit Unit Scheme. This has been under development, in consultation with stakeholders, including industry experts, academics and others, for some time now. We've had many rounds of workshops with an industry working group in particular, but with broader stakeholders as well, to inform the development of that method. It will cover activities including native plantings, revegetation and soil carbon on farmland. It's the first method that is going to stack those multiple activities onto a single parcel of land—what we call a framework method, where you can have different activities in a single active project. We are planning to have a plain English version of that method released by the end of quarter 1, so by the end of March. We aim to release an exposure draft of that method by midyear.

Senator CADELL: Some of the landholders who have been in consultation with my office are particularly concerned about the three areas they thought were all sequestration: biomass sequestration, soil carbon sequestration and measurement approach. There is no review and the scope doesn't look at mitigation, where they are actually doing it. Is there any opportunity to increase scope at the moment?

Ms Rowley: The scope of the method is, as I said, abatement from regeneration and plantings, and improvements to soil carbon. We are planning to finalise this first version of the method with that scope. As I said, it is a framework method. Following one of the recommendations of the independent review of the ACCU scheme, led by Professor Ian Chubb, there is a concept of what we call modules that could be added to methods over time. There would be potential, through proposals led by proponents, industry, academics and others, to additional activities to that method over time.

Senator CADELL: Over time but not in this room. If I was talking about intensive grazing where there is manure collection—for fuel or other use—where there is mitigation, that is not in this specifically; we can't look at this here?

Ms Rowley: There is no intention to include that in the first version of the Integrated Farm and Land Management method. As I noted, it's been under development for some time. There is strong interest from the industry in getting a method landed so that projects doing these activities can get underway. We do have other methods that deal with things like waste management, including manure management, so projects can still happen for those activities. As I said, it's a framework method and there is the potential to additional modules over time.

Senator CADELL: Even though we won't be getting it back for this parliament, could you take on notice to provide a list of organisations and experts that have been consulted on the grazing suppression part of the IFLM in the rangeland ecosystems.

Ms Rowley: Sorry?

Senator CADELL: There have been a lot of experts spoken to.

Ms Lea-Perry: We have been engaging with a range of experts and stakeholders through the development of the Integrated Farm and Land Management method. That includes experts from the academic community and some of the industry participants who engage in the scheme and are interested in using the method once it's available. That does include stakeholders in the livestock sector as well. We can take on notice to provide a list of those stakeholders who have been engaged through the process to date.

Senator CADELL: And a date, if you could apply that—when they were engaged.

Ms Lea-Perry: Yes, we can do that.

CHAIR: Thank you very much. We really appreciate your time. We will now release program 1.1. I call officers from the Emissions Reduction Assurance Committee, including Professor Karen Hussey, as the chair, to come to the table. Professor Hussey, would you like to make an opening statement?

Prof. Hussey: No, thank you, Senator. I am conscious of time, so I am happy to go straight to questions.

Senator DUNIAM: I would like to go to the announcement of four methods that were approved under the proponent-led development approach, including the native forest management in multiple-use public forests,

savanna fire management in the northern arid zone, improved avoided clearing of native regrowth, and reducing disturbance of coastal and floodplain wetlands. You are familiar with those four methodologies. Can I understand the process for the preparation and provision of advice to the minister relating to those four and how they went on to where they are?

Prof. Hussey: Following the independent review of the ACCU scheme, which was referred to earlier, led by Professor Ian Chubb, there was a decision made by the government to shift from government-led method development to proponent-led method development on the basis that would encourage greater innovation and identify methods that were more likely to be taken up at scale. In that context, the government announced last year that they would run this proponent-led method development process, and they granted powers to the Emissions Reduction Assurance Committee to provide advice to the minister in relation to the potential prioritisation of expressions of interest received by the minister.

We were invited by the minister to provide that advice in relation to prioritisation. We had two sets of criteria to look at. The first was in relation to the potential for each of the expressions of interest to comply with the offsets integrity standards, of which there are six. The second suite of criteria were called triage criteria, which were set by the government and included the scale, the complexity, the co-benefits, the adverse impacts and the innovation associated with each of the expressions of interest.

We were asked to design a robust, meaningful and comprehensive assessment process for those expressions of interest. There were 39 received. We pretty promptly put out an information paper that spoke to our interpretation and application of the triage criteria and the weighting afforded to each of those criteria.

We were then in an assessment process where the department provided preliminary assessment and advice to the committee, which was informed by feedback from various parts of the government, predominantly within the context of DCCEEW and predominantly those in the inventory branch who could speak specifically to the eligibility of the proposed carbon abatement to be achieved. There was also advice from the Clean Energy Regulator, particularly in relation to the complexity criterion.

All of that material was assessed in a preliminary assessment that was prepared by the secretariat in the department and then provided to us, as a committee. We deliberated over each of those 39 expressions of interest at our meeting in September last year.

Senator DUNIAM: Is it the committee's job to provide to the minister advice on these things or is that back through the department?

Prof. Hussey: There are two components. The Emissions Reduction Assurance Committee provided advice in relation to a ranking for prioritisation of those expressions of interest. We had four categories. At risk of reminding everyone of their school days, we had agreed that if it received an 'A' the expression of interest had excellent alignment with the triage criteria and should be prioritised for development, subject to other advice received. A 'B' was excellent alignment with the criteria and should be prioritised for development, should new resources become available. A 'C' was really good alignment with the standards or potential to meet the standards and align with the triage criteria but not quite there yet. That could be for a number of reasons.

Senator DUNIAM: Working toward.

Prof. Hussey: Working toward but not quite there. Then, regrettably, there were 21 that received a 'D'. There were a number of reasons for a 'D'. Not all of it was that they weren't very good; it was simply that they may not have been fit for purpose for the ACCU scheme, which, as you know, is a particular beast. We provided our advice in relation to the ranking of those expressions of interest. My understanding is that the department provided advice in parallel in relation to the potential impacts of the expressions of interest on economic, social and environmental factors.

Senator DUNIAM: Did you see that or did the committee see that advice?

Prof. Hussey: No.

Senator DUNIAM: It was provided entirely separately. There were two documents provided together, ostensibly, to the minister to make determinations on.

Prof. Hussey: We provided ours directly to the minister. I understand there was a parallel process which would have been run by the department.

Senator DUNIAM: Ms Rowley, Professor Hussey has just talked through what the committee did and what they provided to the minister. In parallel, what did the department do?

Ms Rowley: The department has two roles here. The department provides secretariat services to the Emissions Reduction Assurance Committee. There are teams within my division whose work is directly geared to the

committee's work, and we also have policy responsibility for the ACCU scheme. We provide our advice to the minister on a whole range of issues relating to the ACCU scheme, including method development. Obviously, we took account of the ERAC advice, analysis and assessment and provided our advice to the assistant minister with respect to the next steps, including the process under the statute.

Senator DUNIAM: The advice was consistent between the department and the committee; they weren't contradictory?

Ms Rowley: No. The assistant minister made his decision in light of the advice from the department and the committee.

Senator DUNIAM: It is this assistant minister?

Ms Rowley: No.

Senator Ayres: Sadly; I was looking forward to giving you much more detail. I am occasionally tempted to go on for a long time. No, it is not this assistant minister.

Ms Rowley: It is the Assistant Minister for Climate Change and Energy, Josh Wilson.

Senator DUNIAM: Was there a draft set of advice provided to the minister at any point on the way through, prior to the final brief being provided to the minister for decision?

Prof. Hussey: Of our advice?

Senator DUNIAM: Either. An interim brief?

Prof. Hussey: No, not of our advice.

Ms Rowley: We may have provided an update on the process, including outlining the process. There was not interim advice on the final decision, no.

Senator DUNIAM: In the development of the criteria and the weighting given to these elements of the decision-making process, were there many changes on the way through, or is it the case that, once it had been decided, 'This is how we will triage, prioritise, rank et cetera,' we stuck with it?

Prof. Hussey: We provided it as information to the minister—it was the minister rather than the assistant minister. No, there was no toing-and-froing on how to weight the criteria. We had, as a committee, discussed what we would do with the criteria. We were given headline words, which we felt needed some elaboration and explanation to help proponents understand how to address those within the context of the template; and, in doing so, allocated weightings according to them, and provided that as information to the minister.

Senator DUNIAM: Once those weightings had been determined, that was it; they were static from that point on? There were no changes made?

Prof. Hussey: For that round, yes. It is conceivable that one would change them in a future round, but for that round—

Senator DUNIAM: Sure; for that round. As they were at the beginning, that's how they were when the document went forward?

Prof. Hussey: Yes, and it was entirely on ERAC to decide how they would be weighted.

Senator DUNIAM: Understood. We have stepped through the process to determine the weightings. In terms of weightings, again, how did you reach the conclusion that there was a certain weighting given to the scale of potential abatement but not as much weighting given to whether the abatement would actually materialise once a project was on foot? How do we determine that?

Prof. Hussey: I'll deal with the first question first and then the second. The committee had allocated, very intentionally, 35 per cent to the scale criterion, 35 per cent to the complexity criterion, and 10 per cent for the other three. The reason for that heavy weighting at the beginning around scale and complexity was that the scheme has benefited from an enormous number of methods, but, with each of those methods, they have not all lived up to their potential; they have not all delivered.

Senator DUNIAM: Of course.

Prof. Hussey: There was a strong feeling coming out of the ACCU scheme review, which was done by Chubb, that we should be trying to make sure that methods that go forward are giving us bang for buck. An enormous amount of effort goes in from the department and from stakeholders in developing each of these methods. If you are going to put that kind of public investment into them, they really ought to be delivering, in terms of scale and uptake. That takes me to the second question: how did we look at whether or not the abatement that was projected to be achieved under the expressions of interest would be achieved? It varied, according to

each of the methods, obviously. We looked at the extent to which there was scientific evidence to say that the activity was in demand or whether it was in decline.

In terms of the two methods that I suspect you are interested in, because you mentioned them at the outset, there was significant deliberation over the fact that native forest harvesting has declined significantly over the last couple of decades, but it has eased off. That decline has eased off since 2011. Notwithstanding a fairly dynamic policy architecture, we were confident that there was still significant abatement potential.

Having said that, one of the things we did reflect in our assessment was that there were two native forest expressions of interest received. One was from the New South Wales government, which was exclusively in relation to ceasing or deferring harvesting activities, and the other was from Forestry Australia. I should say that the first one was also exclusively in relation to multiple-use, publicly owned forests—state forests—which is a relatively small percentage. There is significant abatement potential; nevertheless, it is a small percentage.

The other one was tenure agnostic, so it would bring into play or scope private forests. It was also not limited to deferring as an activity. It brought in things like adaptation, restoration, repair and the like—even fire management, as an element.

It was the committee's view that there would be most abatement realised if the two methods were to be looked at as linked; that is to say, taking on the framework approach that was referred to earlier. Start with that, which is far more well developed, in terms of the EOI that we had in front of us, which was the improved native forest from multiple-use forests piece, but then, once more research had been done, and we were really getting our arms around the uncertainties associated with the abatement potential of each of the activities that was listed in the Forestry Australia proposal, add that in so that, by the time you get to the end of it, you have a very nice mosaic of tenures and eligible activities to support the native forestry industry.

That was our advice, and we ranked them quite similarly. The first one was ranked third. The second one, around enhanced native forest resilience, was ranked fifth.

Senator DUNIAM: On the weightings, though, that was purely designed by the committee?

Prof. Hussey: Yes.

Senator DUNIAM: There was no external input into that; thank you.

Senator DARMANIN: More broadly, could you talk about why it is important to have an independent integrity committee with a full-time chair?

Prof. Hussey: Integrity is everybody's business in the ACCU scheme. As you will have seen, it's been a particular area of interest for the last few years. The committee's responsibilities are not insignificant, in so much as we're responsible for monitoring the compliance of ACCU scheme methods, vis-a-vis the Offsets Integrity Standards. We provide advice. We are overwhelmingly an advisory committee, but we do have one particular power, under section 27A, which relates to a situation where the committee feels it has reasonable evidence in front of us to suggest that a method no longer complies with one or more of the Offsets Integrity Standards. In that situation the committee can instruct the Clean Energy Regulator to no longer process eligible applications against the method for a period of time. We press 'pause' or we suspend the processing of those applications for long enough for us to have a good look at whether those integrity matters are as material as we think they are and, consequently, what to do about them; or, conversely, that we jumped and they're not as material as we thought.

In those circumstances, it is vitally important that we have an independent statutory committee, ideally with an independent secretariat reporting to the chair, as recommended by Professor Chubb, so that the committee has the opportunity to be able to provide that oversight and that scrutiny vis-a-vis all of the methods, and provide really well-informed, independent, objective advice off the back of comprehensive, well-resourced periodic reviews, in order to support the overarching integrity of the scheme.

As Ms Rowley referred to, the secretariat at the moment provides our advice, and does a very good job of doing so, but the statutory committee itself is independent.

Senator DARMANIN: You talked quite a bit before about the process with regard to assessing method proposals. What was your overall impression of the effort that the various stakeholders went to in developing their ideas?

Prof. Hussey: We might even have put this in our letter to the minister. We were enormously impressed by the quality of the majority of the expressions of interest that came through the committee. We're blessed in this country, as all of you know, with an outstanding research and development sector. We also have very committed, informed and experienced industry stakeholders in the ACCU scheme who are very in touch with what the latest technology is, and what the latest measurement and modelling techniques might be. It was really apparent through

those expressions of interest that a lot of time, energy and effort had been put into quite a number of those expressions of interest.

Senator DARMANIN: If stakeholders have issues about the integrity of the scheme that they want to raise, how would they go about doing that?

Prof. Hussey: If it's at the method level—and it takes a degree of expertise to understand the ACCU scheme—then those concerns should be raised through the ERAC secretariat. If it is broader integrity concerns, you are either looking at the Clean Energy Regulator or the department.

CHAIR: Senator Blyth?

Senator BLYTH: This is in relation to recent events in South Australia, particularly Whyalla. Some government funding is going into the steel-making plant there. In terms of the hydrogen project that the state government in South Australia was planning, they have announced that will be shelved. Did AEMO include that hydrogen plant in their projections?

Prof. Hussey: That would be a question for AEMO.

Ms Munro: This is the Emissions Reduction Assurance Committee section. That comes under 1.2.

CHAIR: Professor Hussey, thank you so much.

Prof. Hussey: Thank you for having me. That wasn't nearly as painful as I thought!

CHAIR: Maybe next time! You are now released from the program.

[11:59]

CHAIR: I now call to the table officers under program 1.2—Support for reliable, secure, affordable energy. Welcome, Mr Duggan. Do you have an opening statement?

Mr Duggan: No, Chair; I am ready to get into it.

Senator VAN: I have a few questions for Mr Duggan and his team, best described as arising out of the inquiry into Energy Planning and Regulation in Australia, which was run late last year. Mr Duggan, you followed the inquiry, so you would have seen the many criticisms by various interested stakeholders of the ISP throughout the inquiry. I don't wish to prosecute all of those because it wouldn't be relevant, given the different stakeholders. One piece of information that was put before us was your review of the Integrated System Plan, which I congratulate you on; it was an exceptional piece of work. I wish I had been aware of it before the inquiry; it might have saved us having one. That aside, it was a great piece of work. What I found most interesting about it was that, while it didn't couch anything in terms critical of the ISP, it very much belled the cat about longstanding issues in the ISP. Would that be a fair way to summarise the whole review?

Mr Duggan: The way I would characterise it is that we found that the ISP is effectively fulfilling the role it is intended to fill, but that there is an opportunity for the ISP to be improved in various different ways: in high-level terms, taking more of an energy system view to the transition in particular, so not just focusing on electricity, but bringing in broader transition considerations, particularly around gas and other areas. A broad way of characterising it is that the ISP doing its job, but there are opportunities for improvement.

Senator VAN: We might disagree as to whether the ISP is doing its job. If you accept—and I don't—that it should just be a transmission plan versus a system plan, it falls down majorly in making sure that Australia gets through the transition in the most economically sustainable way. I think that is the best way to put it. I will pick out a few things that I have raised in this forum, with the department and with various agencies, over the years. They are nothing new to you; nothing new to me, and yet some of the things you pointed out in your report seem to be a huge surprise to AEMO. The integration of gas was a big part of your review. I think your report said that a lack of foresight or acknowledgment in the ISP has failed to sufficiently firm VRE, variable renewable energy. That is a fairly damning omission in the ISP, wouldn't you agree?

Mr Duggan: The finding of the ISP review was that there was an opportunity for more thorough consideration of a broader set of issues by the ISP. Essentially, over time the ISP has broadened and strengthened. The ISP review identified a number of areas where that pathway could continue. Specifically, the broader set of factors that we found could or should be considered by the ISP—you are right—are better integrating gas and electricity planning, thinking about likely development pathways for the gas sector and considering the impacts on electricity networks that would result. That was one of the key themes. The second one, which gets to an earlier comment you made, is expanding consideration of distribution, storage, and energy demand; so ensuring that the relevant trade-offs for emerging technologies and approaches are better understood. The third element is the opportunity we see for process enhancements—AEMO would agree with this—to improve the transparency, accessibility, and deliverability to the ISP. We want to make sure that the ISP is understood for what it is, but also

for what it isn't; being able to indicate clearly what the ISP aims to do, so that when it is interpreted by stakeholders and commentators, people really understand what the analysis is intended to show.

Senator VAN: I agree with all that. It is worth pulling out some of the points you just raised because they were large gaps as late as the 2024 ISP, which came out after your review. There still are large gaps: for example, consumer energy resources. Some of the issues we are seeing in the NEM at the moment in terms of the negative wholesale prices, record minimum demand and all the stresses that puts on system security come about because consumer energy resources, particularly rooftop solar, weren't planned into the system. It almost looked like AEMO turned its head around on its shoulders one day and said, 'Where did all that rooftop PV come from?' As a country we have been crowing—rightly—that we have put on so much rooftop PV. It is over 20 gigawatts of our generation now, but it is not integrated either into the NEM or into the Integrated System Plan in any meaningful way, is it?

Mr Duggan: It is part of the system build-out under the optimum development pathway for the Integrated System Plan out to 2030 and out to 2050. It is recognised as being the largest, or second largest, source of generation capacity. It is one of the success stories of the transition that households have been so participatory in taking advantage of the opportunities of household solar and, for some households, taking advantage of batteries as well so that they are able to take more agency into their own energy future. It is pretty well embedded and integrated into the ISP.

Senator VAN: Why, then, is AEMO seeking powers or a rule change so you have the ability to curtail rooftop solar, residential rooftop PV?

Mr Duggan: In moving from a highly centralised electricity generation sector, dominated by about a dozen major sources of generation capacity, you are moving to a much more distributed system, be that utility-scale wind and solar or be it household-scale solar. The sorts of technology shifts that will need to accompany that in order for AEMO to be able to operate the system will change over time. The way consumers interact with the market will change over time. Through the CER Roadmap, through the work that the AMC does in considering rule change requests, the work is never done. When you are in a transition you need to continue to attend to the market to maximise outcomes for consumers.

Senator VAN: I agree with you 100 per cent. It doesn't seem that AEMO has been forward-looking on any of this, seeing these patterns evolving and integrating them into the ISP. The other part of it is demand management, demand-side practices. We have this glut of solar energy in the middle of the day, a lot of which is just getting spilled, or is knocking out the investment signals for further utility-scale wind and solar. This just doesn't seem to be the sort of plan you would expect, given that people in this room, Minister, have regularly talked about AEMO as 'the experts'. Wouldn't we expect to see a bit more vision and foresight? With four ISPs over six years, they've had plenty of time to work some of these things through. We still don't see enough storage in the system and we still seem to be myopic on transmission, particularly the large scale into regional interconnectors?

Mr Duggan: The ISP is a rigorous process. It goes through a draft process. It is very transparent on the assumptions that go in. They produce an assumptions report, then there is an extensive process of peer review. It is a forward-looking document. It is based on multiple projections pathways under a variety of different scenarios around electricity demand, in particular. It is very forward-looking. It benefits from the best thinking, not only within AEMO, but also the best thinking in the sector around those development pathways. It will continue to evolve and improve over time. You raised the specific issue around demand-side factors. In the middle of last year Minister Bowen made a number of rule change requests to the AMC in response to the ISP review. One of them was improving consideration of demand-side factors in the Integrated System Plan. We are attentive to that issue; the need to bolster that, the need for improved capability in that area. AEMO would recognise that as well, and as a rule change request that gives light to that.

Senator VAN: I will leave it there; I don't want to flog a dead horse any longer. I hope AEMO takes into account your review and views from other external parties. Thank you to your team for a great piece of work.

Senator CADELL: Going to costings, and the cost of electricity, Moody's recent assessment was that there are growing risks in the energy market around affordability. Have you seen the Moody's report or examined its assessment of the Australian energy market, Australian energy infrastructure?

Mr Duggan: Can you give me a few more details?

Senator CADELL: Moody's did a whole assessment of the Australian energy market going forward, and put out, about a month ago, a whole lot of commitments about what's going on in the costings.

Mr Duggan: I am sure I saw the report at the time, but I don't have it in front of me.

Senator CADELL: I'll get an exact date for you and I will put that through.

CHAIR: If the department does not have that in front of them, or awareness of it, you might have to put some of those questions on notice.

Senator CADELL: I will come back to it, specifically on the costings they put around the NEM and stuff like that. The government has recently said—and they keep saying—that the entire cost is \$122 billion through to 2050. Is that still the cost that is being given by government?

Mr Duggan: That cost is derived from the Integrated System Plan. That \$122 billion is the discounted, annualised upfront capital of all new generation storage and transmission assets to 2050.

Senator CADELL: This is where we have this interesting spar every time—Senator Ayres may be somewhat gun-shy after having been on Sky—the cost of the total system plan versus the ISP. The Rewiring the Nation announcement claimed it will support \$78 billion in projects by 2031. The Capacity Investment Scheme will support \$67 billion in renewables and storage by 2030. If I add those two together, it is \$145 billion in those two projects alone, which is higher than the \$122 billion that the ISP says it will claim. That is just two policies to 2031, and they are \$30 billion more than the government is saying it will spend until 2050. How does that add up?

Mr Duggan: There is a simple explanation to that. The costs to 2030 are the costs to 2030. The projects you have just talked about—the ongoing capital cost, for example, of a project supported through the Capacity Investment Scheme—will have 20- to 30-year lives associated with them. So the total cost over the life of that capital asset will be larger than the life incurred to 2030. So when you are talking about adding those two numbers up you need to think about—

Senator CADELL: So 'depreciation' being 'expenditure'.

Mr Duggan: That's right. You need to think about the economic life of the asset.

Senator CADELL: Why aren't we doing that with nuclear, when we are judging it at 30 compared to 80 in the lifespan of nuclear, and then judging it at 30 under the GenCost reports? Under the GenCost reports, they say that nuclear has a life of 30, when all the current plans have a life of 80. How come we are doing it for one class of asset and not doing it for another?

Mr Duggan: Detailed questions on GenCost are best put to CSIRO. On that particular question, CSIRO have looked into that as part of updating the GenCost report this time because people have pointed out that the operational life and the economic life for a nuclear power plant could be longer than the 30-year assumption they make in the GenCost report. What they found is that, if you look at the extension from 30 years, 50 years or 80 years, whatever it might be, you incur another set of very significant capital costs to do that. What they found is that effectively the cost differential by taking that into consideration, when you convert it through to an LCOE, was not very significant.

Senator CADELL: If we are looking at cost versus expenditure, I'll ask a different question: what is the expenditure up to 2050 required for the ISP?

Mr Duggan: Up to 2050. If you take essentially the \$122 billion which we talked about and which talks specifically about all new generation storage and transmission upfront capital costs, you then need to take into consideration fuel costs and other operating costs. Again, the ISP produces a figure for that. Taking into account those costs—which also includes operating costs, maintenance costs et cetera—you get a figure of \$191 billion.

Senator CADELL: With respect to expenditure for those things, what about those things that were already in planning or already in progress and that aren't factored into the ISP. Is that still the case?

Mr Duggan: So they are factored into the ISP for the purposes of the system plan. However, where a capital cost has already been incurred—

Senator CADELL: But aren't part of the system yet?

Mr Duggan: Yes; so don't include the cost of any committed or anticipated projects. They are not—

Senator CADELL: So, what? Do you have a cost of anticipated projects or cost of projects on top of the \$190-odd million?

Mr Duggan: What it's trying to ascertain is the forward-looking cost of the different relevant pathways.

Senator CADELL: I understand that; expenditure.

Mr Duggan: So if those costs had already been incurred there are some costs. They are not forward-looking costs of the transition.

Senator CADELL: Do you have a sum of those sunk costs? Has the department got a sum of the sunk costs that aren't included on top of the \$122 billion plus the fuel costs?

Mr Duggan: To my knowledge, it is not produced in the Integrated System Plan.

Senator CADELL: I am not asking whether it's in the Integrated System Plan. I'm asking whether the department has a cost of these projects?

Mr Duggan: What you are effectively asking for is the total asset base of the Australian Energy Systems as it stands today?

Senator CADELL: No. I am asking what expenditure is required by investors in the government on these projects which aren't included in the ISP and which are sunk costs or underway?

Mr Duggan: Just to understand. What you are effectively saying is that a certain level of generation capacity is needed by 2030 to meet generation demand. That will be met by a whole range of generation assets. Some of it will be coal, some of it will be gas, some of it will be renewables, some of it will be transmission, et cetera. Effectively what you are asking for, unless you are specifically interested in a specific generation technology type—

Senator CADELL: No, I'm asking about a category of undertaken or approved or being developed. I can walk up to Bayswater, have a look at what I used to tell my sons was a 'cloud factory'. I know it's there. One of them got in trouble in kindergarten saying, 'That's where clouds came from'. I can see that's there. Do you have a category for the things that are not yet in place or in the system that have a cost associated with them that aren't included in the ISP?

Mr Duggan: I don't have that figure in front of me. I'll have to take that on notice.

Senator CADELL: Do you have a figure somewhere for that?

Mr Duggan: I'll look to my colleagues.

Ms Gowans: I don't think so, Senator. You'd have to say, 'At what point is it included', in terms of what you're saying is anticipated or committed. So you're talking about something where a financial investment decision is being made and that expenditure has not yet been incurred in full.

Senator CADELL: Yes, and not part of the ISP.

Ms Gowans: Essentially the ISP operates on that slightly different basis. Anything that is committed or anticipated is assumed to occur in every scenario, and therefore not assumed to be part of that forward view. You're talking now about a slightly different kind of conception, and I can understand where you are going here. But I am not sure that we know all private investment decisions across the whole of the energy system—what's been incurred, if that makes sense.

Senator CADELL: Yes.

Ms Gowans: What expenditure has an investor incurred to date versus what might come in the future. Then there is a separate question about how that impacts customers, for example, or consumers in the national electricity market or the WEM, because these are private sector investors we're discussing here.

Senator CADELL: I get that—if we don't know all of these things but we're giving costs out. I had noticed the difference of cost versus expenditure—of course, retained value. I will be more alert to that in my questions from now on. When we get to cost to consumer, this is where we get funny again because we get rebates and we can get this and we get the other. We harp on about it all the time. I am sure the minister hates us saying, 'A \$275 price reduction was promised before the last election'. Do you monitor actual prices to consumers under categories, and stuff like that, across the department from what they were?

Mr Duggan: If the question is: do we monitor electricity prices? The answer to that is yes.

Senator CADELL: What is the price differential per kilowatt hour from the March quarter 2022 to now?

Mr Duggan: I can get that for you, Senator.

Senator CADELL: Retail, not wholesale.

Mr Duggan: Retail, as you know—

Senator CADELL: Before market would be fine.

Mr Duggan: means that households will effectively be offered either a standing offer or a market offer once in a financial year. Your question will go to a full financial year cost. It differs between jurisdiction and it differs between region. For example, the standing offer in New South Wales for the current financial year equates to an electricity bill of \$2,095 per annum.

Senator CADELL: What would it have been back at the end of 2022 or the end of 2021?

Mr Duggan: All of this, of course, is pre-rebate. If I were to take the rebate off the current figure, I have a figure for an electricity bill of \$1,795 that someone would pay who receives the rebate. If I go back to the fiscal year 2022-2023, the equivalent figure, without rebates of course, was \$1,742.

Senator CADELL: So which one is excess—\$2,045, you said?

Mr Duggan: Pre-rebate \$2,095, post-rebate \$1,795.

Senator CADELL: Thank you.

Senator RENNICK: Good afternoon. I was wondering whether you could provide an update on your progress in terms of your 82 per cent renewables by 2030; how far along that track are you?

Mr Duggan: When we've answered this question in previous estimates appearances we have made the point that we anticipated the pathway to 82 per cent would be a non-linear pathway, and that we would expect to see an acceleration occur as investors responded to the incentives that were being put in place by the government. We are now in a position where I can say that we are starting to see that acceleration. Effectively, compared to 2023, where we were at 35 per cent renewables, Q4 of last year we were at 46 per cent; so, quite a significant increase.

Senator RENNICK: You are up in that 46 per cent of the grid that is now powered by renewable energy?

Mr Duggan: That's correct. That's for Q4 of last year. What we need in order to get to 82 is about six gigawatts a year of grid-scale renewable capacity on average each year. We effectively saw that occur last year. If I go to their data, the Clean Energy Regulator approved an additional 7.4 gigawatts of renewable capacity last year. On top of that, they saw a further 4.3 gigawatts of additional capacity that went to a final investment decision last year. The other thing I will note is that, of course, we also administer the Capacity Investment Scheme, and there we have a good sense of the pipeline of activity that is coming through. We have received bids worth many multiples of the tenders that we are putting forward. For example, if I go to the tender 1, the NEM generation tender, we were tendering for six gigawatts. We attracted bids 4.5 times that amount. So we're starting to see a really strong pipeline coming through, which is giving us more confidence that we'll get that acceleration we need to see.

Senator RENNICK: It's 46 per cent for quarter 4 last year. How much was that a jump in one year from the 2023 quarter 4?

Mr Duggan: I have only average figures for 2023, unless one of my colleagues has the Q4 figures. The average figure was 35 per cent.

Senator RENNICK: So you jumped about 10 per cent?

Mr Duggan: About that.

Senator RENNICK: In one year. That's good to know. My next question relates to a report in last week's *Australian Financial Review* about blowout in building a transmission line of about \$1½ billion. Going back to that regulated rate of return issue with transmission lines, is regulated rate of return based on final cost, including the blowout or the initial estimated cost?

Mr Duggan: I might go to the specifics of this particular project that was commented on and then I'll ask one of my colleagues to talk about how that translates to the regulated asset base. That was an announcement by Transgrid where their component of Project EnergyConnect had increased from 2.1 to 3.6 billion. As we understand it, Transgrid has yet to confirm with the AER the process to assess whether the increase in costs meets the efficient and prudent test for them to be counted in the regulatory asset base. Until it goes through that process, what of that \$1.5 billion increase will go through to consumers is yet to be determined.

Senator RENNICK: So you do have checks and balances in that regulatory process that, if it gets them, they're not going to get eight per cent of the blowout.

Mr Duggan: They need to show that the increase in expenditure is deemed to be efficient and prudent. They need to satisfy the AER of that, that's correct.

Senator RENNICK: Just to confirm: is the regulated rate of return less than eight per cent? Is it eight per cent or is it six per cent? What is the regulated rate of return?

Mr Duggan: I will defer to one of my colleagues on that.

Mr Johnson: I can't tell you the exact figure, Senator. The AER sets every four years what it calls the Rate of Return Instrument. This sets out the methodology by which the rate of return on equity and debt is determined during that four-year period. That binds the AER's decisions. It's influenced by movements in the capital markets during the period. At the time they set it two years ago, I think that the figure was something between six and seven per cent; but it would have moved with movements in capital markets.

Senator RENNICK: A final question: do you track how much foreign immigration, how much foreign labour is involved in building these transmission lines?

Mr Duggan: No, we don't track that information.

Senator RENNICK: You have got no idea. I'll go back to Home Affairs on that.

Mr Duggan: I think anything relating to immigration is best directed to Home Affairs.

Senator RENNICK: Thanks very much.

Senator DARMANIN: So this is take-two on my questions about the Frontier modelling. I've got some questions about what the modelling does or does not take account of. Maybe in the interests of time, I'll just list off a couple of the queries I had. I am wondering whether the modelling takes account of the following: cost of extending coal-fired power stations; whether it takes into account the time or cost needed to deliver nuclear power regulatory and safety systems; the cost of nuclear waste storage; and whether the modelling accounts for the existence of water availability constraints at the sites that have been identified?

Mr Duggan: We are at a bit of a disadvantage on these questions because, of course, we can only answer on the basis of what was transparently published in the Frontier report. Some of the issues that you go to were not specifically mentioned. It's not our modelling. We're not in a position to be able to comment in detail on whether or not things that weren't disclosed in the written report were actually part of the modelling that was produced. I am hesitant to offer you an opinion on that because we simply don't have that information.

Senator DARMANIN: In terms of the report that you have seen, can you make any comment about what you have seen in the report?

Mr Duggan: Of course we have seen the report. We have fielded various queries and questions from Minister Bowen and his office on aspects of the report. We are familiar with the report itself but, as I said, only on the basis of what was produced. I make the point that unless you really understand the assumptions in any report it's very difficult to interpret the outputs.

Senator CADELL: Couldn't Minister Bowen give you some assumptions, like he did last time?

Senator DARMANIN: You did mention in your first answer that it didn't cover some of the items I mentioned. What were you referring to?

Mr Duggan: You are asking questions at a level of detail about that report that certainly I'm not familiar with. Mr Plant might be able to help you.

Mr Plant: One thing that we, when reviewing the report, noticed wasn't covered was the potential for first-of-a-kind costs to be incurred by nuclear capacity. That's something that the CSIRO *GenCost* report highlights is a potential issue. Based on our review of the Frontier report, there was no inclusion of first-of-a-kind costs specifically for nuclear capacity.

Senator DARMANIN: What sort of cost would that be, would you say?

Mr Plant: Going back to the CSIRO *GenCost* report, they report that up to a 100 per cent increase is possible, but that is their upper bound. There is a whole range that they provide.

Senator CADELL: What's the lower bound?

Mr Plant: I might have to take that on notice, or you might have to talk to CSIRO about that.

Mr Duggan: Just to add to Mr Plant's answer, it's implicit in the label 'first of a kind'. That 100 per cent that CSIRO talks about is an up-to amount and it is for the first piece of generation that's put in, so I wouldn't apply that across the whole.

Senator Ayres: It has been, as has been well traversed, a feature of every single nuclear reactor construction in a Western country since the turn of the century that they have blown out by an enormous amount. These are not first-of-a-kind projects; they are first-in-some-decades projects for economies that have an existing nuclear sector. But, for all sorts of reasons, in those economies they have blown out in terms of cost and blown out in terms of time. The consequence of that for householders and businesses is of course that electricity becomes far more expensive. For Australia, these are first-of-a-kind propositions in many respects, including the fact that, beyond the facility at Lucas Heights in Sydney, which is not an electricity generation facility, Australia doesn't have an existing nuclear industry. There would be very substantial costs and economy-wide problems associated with doing the kind of exercise that is set out. That's why it's a highly risky, impractical and costly venture for Australia.

Senator DARMANIN: Noting what you've said in terms of it not being your report et cetera, was extending coal-fired power stations traversed in the report? Is that your understanding or not?

Mr Duggan: From what we gather from the report, we couldn't find anything that went specifically to that, that essentially disaggregated any costs associated with extending coal-fired power stations. Those costs could be significant capital maintenance costs, could be significant capital spend costs and could be operating costs. Again, there wasn't anything transparently in the report that demonstrated that. There are lots of things that are aggregated in the report. As to whether it is in the totals, I can't speak to that.

Senator DARMANIN: Thank you. I have a question about insurance in terms of that report. My understanding is that in every country with nuclear power the cost of insuring the industry and local communities is largely borne by taxpayers. Do you know whether the report has taken into account any cost to taxpayers of public nuclear power insurance, including insuring local communities?

Mr Plant: Not that we're aware of.

Senator Ayres: I think it would be pretty hard to approach the insurance industry to try and work it out. With these projects, such as Muswellbrook, for example, since the coalition announced—

Senator CADELL: Chair, a point of order.

CHAIR: Just one second, Minister.

Senator CADELL: This is meant to be an examination of government policy and government things. This is not a question that is in the scope.

Senator Ayres: I understand the high level of sensitivity about these questions.

Senator CADELL: This is not government policy.

CHAIR: Senator Cadell, this report has been churned through in a range of estimates scenarios.

Senator CADELL: I understand.

CHAIR: It is a report that looks to the future of policy.

Senator CADELL: Chair, it is not government policy. It is not a government thing. It is not in the scope of estimates or government expenditure. I ask—

CHAIR: Thank you, Senator Cadell.

Senator CADELL: I ask for a private meeting on this.

CHAIR: Sure.

Senator Ayres: Very sensitive. Very sensitive indeed.

CHAIR: Sure. We will suspend and we will have a private meeting where Senator Cadell and I can hash out our differences. Given that we are close to the lunch break, we will break for lunch.

Proceedings suspended from 12:35 to 13:45

CHAIR: We will continue with outcome 1.2. I advise that we have released the Clean Energy Regulator, the Threatened Species Scientific Committee, the Australian Institute of Marine Science and the Great Barrier Reef Marine Park Authority. Those agencies will not be required today. Senator Payman has the call.

Senator PAYMAN: My questions are around the gas inquiry, the December 2024 interim report. In January, the ACCC released this report, which projected that there was 'the potential for structural gas shortfalls on the east coast from 2027'. The agency recommended that the government develop a gas market system plan to prepare for future shortages. I understand that the government has the Future Gas Strategy to inform gas's role in the transition to net zero, but does the department know whether the government intends to develop a plan in line with ACCC's recommendation for the gas market system?

Mr Duggan: Earlier today, we had a series of questions that were around the energy planning process more broadly. In that context, I answered questions around the Integrated System Plan. In that sense, in reviewing the work that's done on the east coast of Australia by AEMO, one of the clear recommendations coming out of the review there was that we should better integrate thinking around future gas needs with future electricity needs. There is a recognition that we need essentially to have a gas planning framework that is broadly equivalent to what we have today in the electricity sector. Yes, there is a recognition of the need to do that; absolutely.

Senator PAYMAN: Is there a time line for when that might take place? Obviously, 2027 isn't too far away.

Mr Duggan: What you are referring to there is the most recent report published by the ACCC, in December. In order to make sure that people understand, the east coast gas market is anticipated to have a surplus in 2025, in the order of 77 to 112 petajoules. When looking forward, one of the things that AEMO does through its Gas Statement of Opportunities is to identify where there's an opportunity for more investment to bring on more gas supply in order to meet projections of demand. In that context, at the moment they are forecasting that there could

be effectively more demand than there is supply out in 2027. Importantly, they make the point that the additional supply commitments that the government secured through the mandatory code of conduct would be sufficient to push that back from 2027 to 2028. At the moment we have 604 additional petajoules of gas that are being committed to the domestic market to 2033, and 269 petajoules to 2027. That's helped, in a sense, to delay the point at which gas demand exceeds gas supply.

Senator PAYMAN: Beyond 2028, what potential action will the government take to ensure that there is a reliable supply of gas for Australians?

Mr Duggan: This was a key theme of the Future Gas Strategy that you referred to earlier, which is the recognition of the need to ensure that we are continuing to invest in gas supply to meet not only our own domestic gas needs, but also the contractual needs of the LNG exporters. The Future Gas Strategy effectively talked to the sorts of issues that would need to be considered on the supply side. It goes to issues like unlocking new gas fields, exploration et cetera, from that point of view. The Future Gas Strategy, in a sense, laid out the broad strategic framework. In addition to that, at the last Energy and Climate Change Ministerial Council meeting, which was held in December, this was a key topic of discussion. Coming out of that discussion, ministers tasked their senior officials—the Commonwealth and the states and territories—with working together to come back to them with options for addressing projected gas supply shortfall risks.

We're in the process of putting together that advice with the states and territories at the moment, with the intent of coming back to the first Energy and Climate Change Ministerial Council meeting this year, which is scheduled for 14 March.

Senator PAYMAN: We will keep an eye out for that one. How much gas did Australia use last year? Are you able to give me a breakdown by state and territory?

Mr Duggan: Senator, if you bear with me for a moment, I may have that information for you. I could give you a total fuel consumption figure for gas in 2022-23. In petajoules, 1,518 petajoules of gas was consumed in Australia in that financial year.

Senator PAYMAN: 2022-23?

Mr Duggan: That's correct.

Senator PAYMAN: We don't have the figures for 2023-24?

Mr Duggan: That comes from the Australian Energy Statistics. Unless one of my colleagues corrects me, I think that's the latest data that has been published.

Senator PAYMAN: On notice, are you able to provide the breakdown by state and territory?

Mr Duggan: Let me see whether I have that for you now. No, I don't. I will have to take that on notice.

Senator PAYMAN: Maybe on notice as well, how much gas did Australia export last year or in the financial year 2022-23? Could we also have a breakdown by state and territory?

Mr Duggan: I will take that on notice.

Senator PAYMAN: That's all from me. Thank you, Chair.

CHAIR: Senator Bilyk?

Senator BILYK: I wanted to talk about nuclear. I understand some representatives of the department attended the house committee inquiry into nuclear power generation last year. Were you there, Mr Duggan?

Mr Duggan: Yes, I was.

Senator BILYK: Could you remind us of the expected time lines required to progress a nuclear power station from concept to design, community and government engagement, and right through to approval?

Mr Duggan: I will give my colleague, who answered it so expertly in the house inquiry, the opportunity to answer that question.

Ms McLaughlin: The answer is at least a decade to put in place the regulatory and other systems to support nuclear power in Australia.

Senator BILYK: At least?

Ms McLaughlin: Yes.

Senator BILYK: Minimum?

Ms McLaughlin: Yes.

Senator BILYK: Are you able to tell me what is the average lifespan of a coal-fired power station?

Mr Duggan: On average, the life of a coal-fired power station—this is work, I believe, coming out of the Clean Energy Council, which looked at it—is about 42 years.

Senator BILYK: Forty-two?

Mr Duggan: That's correct.

Senator BILYK: What about the average age of the coal-fired power fleet in Australia?

Mr Duggan: The average age today of our existing coal-fired power fleet is 35 years.

Senator BILYK: What's the average cost of extending them beyond their productive life? Does it require significant investment?

Mr Duggan: We haven't done cost calculations of the cost of extending coal-fired power, for the reason that we support the government to implement its policies, and it's not the government's policy to extend coal-fired power stations.

Senator BILYK: If Australia's energy grid was to extend coal until 2040, when the experts are saying that nuclear could begin delivering power, are you able to tell me what the cost would be, in terms of reliability and maintenance?

Mr Duggan: We are now at the point where we have in the order of a dozen coal-fired power facilities. The answer to that question will be different for each of them. They are all at different stages of their productive life. In order to do a cost calculation like that, you'd need to understand their operations and their technologies fairly well. It's not something on which we've done calculations. From a qualitative point of view, clearly, we'd seek to extend any type of electricity generation asset beyond its existing productive life, to have it in the system for longer. You would anticipate there would be rising maintenance costs; the older the kit, the more maintenance it requires. Also, you get to a point where, at some point, you would need a significant capital investment in the plant in order for that to then remain a productive, reliable plant going forward. As I said earlier, we haven't done the calculations for me to be able to say what the cost of that would be, per se.

Senator BILYK: The Australian Energy Market Operator and the ISP are the basis for a lot of the department's decision-making when it comes to the energy system mix. Can you explain how this and the Electricity Statement of Opportunities deal with our changing energy mix in coming years?

Mr Duggan: The Integrated System Plan effectively provides a set of what's described as the least cost development pathways for consumers over different time horizons that are consistent with government policy. There is an important set of government policies in that regard, both state and federal—the emissions reduction policies. Essentially, the Integrated System Plan provides different scenarios for how you could achieve that objective and different costs associated with those scenarios. That, in a sense, provides a pathway of new generation storage, transmission assets et cetera, and the gas-fired firming capacity that you need in order to meet projections of electricity demand in 2030 and 2050. The Electricity Statement of Opportunities published by AEMO looks at the extent to which, on the basis of the existing and committed projects, we're able to meet the level of demand that's projected to a very high level of reliability. At the moment, under the interim reliability standard, the objective there is to achieve 99.9998 per cent reliability in the grid—meet the energy needs of the electricity grid 99.9998 per cent of the time.

Based on those standards, AEMO produce, in a sense, an estimate of unmet need—that 0.0002 per cent—and they project whether or not there is a need for additional investment in order to close that gap. What we've seen over time is that often industry will respond because they'll see a market opportunity. You'll see industry invest in order to close that perceived reliability gap over time.

Senator BILYK: Do current government policy settings, including the Capacity Investment Scheme, provide for projected energy needs until 2030? How much new energy is required?

Mr Duggan: The Capacity Investment Scheme is designed effectively to achieve the pathway to 82 per cent, effectively replacing the coal generation assets that we anticipate will retire over that period. AEMO anticipates that around 90 per cent of the existing coal-generation fleet will retire over the next decade. The Capacity Investment Scheme provides the firming renewable generation capacity that will provide for the electricity supply prior to that departure of those coal-fired power assets. In a sense, it's trying to get the supply in to ensure that we retain reliability while coal-fired power is effectively scaling down and coming out of the system. It's expected to support in the order of \$70 billion worth of investment over time. The expectation is that, in the AEMO Electricity Statement of Opportunities, they've factored in the first tender from the Capacity Investment Scheme but not all the subsequent tenders. Once those subsequent tenders are factored in and we see the projects come

through, through the Capacity Investment Scheme, you'd anticipate that would make a significant contribution to reliability in the system.

Senator BILYK: Does the CIS represent value for money? Does it provide policy certainty to encourage investment in renewable energy?

Mr Duggan: The Capacity Investment Scheme is effectively a revenue underwriting instrument. Effectively, there are, of course, a number of unknowns in the energy transition. One of those unknowns, for example, is the time period over the capacity that it's seeking to replace—largely, coal-fired power generation that will exit the market. That uncertainty has significant implications for projections that investors make when they think about what the revenue outlook would be of a new investment.

Other uncertainties, of course, depending on how the transition unfolds, are what sort of new generation technologies will have entered the system—the proportion of gas-fired power generation, wind generation and solar generation. Each of those different technologies produces a different cost at different times of day. If you are a proponent of one of those technologies, there is a level of uncertainty about what your revenue outlook would look like. The Capacity Investment Scheme invites competitive bids from the market to provide the minimum amount of revenue underwriting support that is necessary to get those investments through to a final investment decision. It is a highly competitive option process. I mentioned in response to an earlier question that we have had bids that are 4½ times the amount of capacity that we are auctioning. So we are very satisfied that the price we are paying through the Capacity Investment Scheme on behalf of the Australian taxpayers is the lowest price needed to provide that additional capacity.

Senator BILYK: So that lower price helps provide that certainty?

Mr Duggan: Yes. That provides the certainty for the investors to take the investment decision that is necessary to get that generation capacity online.

Senator BILYK: There has also been a lot of discussion about baseload power. In the Australian context, where we have the world's largest energy grid, highest rooftop solar penetration and world-class wind and sun resources, what does that mean for traditional ideas of baseload such as coal or nuclear, versus the more flexible firming options?

Mr Duggan: We are moving to a different type of electricity supply to meet projections of electricity demand. About 35 to 40 per cent of our electricity supply is still provided by coal-fired power, which operates at a very high capacity factor. It is typically the way you would define what a baseload generator should be—so one that is operating most of the time. It is not very flexible in its ability to flex with changes in demand through the course of a day or a week. As I said, the system is still 40-odd per cent coal-fired power, but we also have more variable renewable energy coming into the system over time. That is solar and wind but firmed by three important things; one is batteries. When we do our Capacity Investment Scheme auctions, the bids that come through for solar projects will often have a battery attached to them. In a sense that is providing the project's own additional storage capacity at the time. You also have large pumped hydro projects like Snowy 2.0, effectively providing a large battery into the grid, more firming capacity. Then we have gas-fired power generation providing firming capacity as well. That combination of more variable low-cost or low marginal cost renewable energy combined with battery storage and pumped hydro storage with gas peaking means that over time—and this will happen gradually—the system is moving away from baseload power to a more flexible system.

Senator CADELL: We were on pricing before and you gave me prices—an average bill of about \$2,095 before any levies. It was at \$1,700 and it has gone up by over \$350. You were looking at wholesale earlier. What is the wholesale from, say, quarter 1 of 2022 to Q4? The promise was that they would go down 18 per cent.

Mr Duggan: Wholesale prices thus far in 2025 have averaged \$104.20 per megawatt hour. In 2024 they averaged \$131 per megawatt hour. In 2023 it was \$93 per megawatt hour. In 2022 it was \$193 per megawatt hour.

Senator CADELL: What was it in 2021, our last full term?

Mr Plant: It was \$76.

Senator CADELL: So that hasn't gone down. The government came in with three big promises: they were going to lower the price of electricity and go with 82 per cent renewables and, therefore, link that to 43 per cent. Given that we aren't meeting that target of 82 per cent, are you confident we will reach 82 per cent by 2030?

Mr Duggan: In response to an earlier question, I talked about how we are seeing an acceleration now in investment—

Senator CADELL: I understand that; I accept that.

Mr Duggan: That is consistent with the run rate that we need from this point to get to 82 per cent.

Senator CADELL: Will we be at 82 per cent by 2030?

Mr Duggan: With what we are seeing coming through the investment pipeline, we would anticipate that we have a very good prospect of getting to 82.

Senator CADELL: I have concerns that we are spending time here taking questions on a nuclear model; there is specific political stuff here. We aren't able to get a total system cost. We get referred to the IPS and what is not included in there. When I asked specifically what works in progress or works anticipated were not in that, I was told, 'We don't look at that; we don't have those answers.' When we asked, 'Are we going to get to 43?' and 'Are we going to meet 100 per cent of the government's targets to get that?' we were told, 'We don't look at that.' How much time is the minister devoting to looking at our policies rather than doing the things that matter to everyday Australians, such as costs for these things?

Mr Fredericks: In fairness, that is not a question that Mr Duggan can answer. You know he can't answer that question.

Senator CADELL: The *Annual climate change statement* on your website lists the current words: 'This means that Australians cannot wait and deliberate for decades on unaffordable and risky nuclear reactors.' Why is that? Are we not seeing independence shattered here? What do we tell our AUKUS partners when we are saying on a government website that nuclear reactors are risky? Where is the independence in looking at these things if that is the DCCEE position?

Mr Fredericks: Mr Duggan has given ample evidence about the amount of work this department does on government policy. As you and he have discussed in many estimates hearings, it is premised on the advice received from AEMO on the ISP and on the optimal path to reach the government's targets. It is premised on the department doing all the work necessary to provide advice and then run programs which are designed to fulfil the ISP, and as a consequence to reach those targets. That is the work of the department, and that is the work the department does.

Senator Ayres: I understand the sensitive to transparency. I understand the effort here to try to cover up what an appalling proposal nuclear is for Australia. I understand that you don't want people to reach the conclusion—

Senator CADELL: You are politicising a good department by making them use language that is politically charged for an outcome.

Senator Ayres: I haven't talked over the top of you.

CHAIR: Senator Cadell, one at a time.

Senator Ayres: It is an extraordinarily expensive and risky proposal for Australia. Your record—

Senator CADELL: Floating offshore wind is good.

Senator Ayres: Again, Chair—

Senator CADELL: I haven't asked him a question.

Senator Ayres: I am answering your question.

CHAIR: We will do this in a respectful manner. You have asked a question that the secretary has said is not appropriate for Mr Duggan to answer. He has answered to his ability. The secretary has redirected you. The minister is now hopping in to respond, as that is the way this works. You can ask public servants one question and you can ask ministers different questions.

Senator CADELL: I asked the department about their decision-making and whether they are being asked to do this. I didn't ask the government. My concern was about the politicisation.

Senator Ayres: I am entitled to intervene and I am intervening.

Senator CADELL: Who is covering up what, then? Who is covering up what, if you need to ask: 'Are you politicising the department?'

Senator Ayres: That is a very interesting question, Senator: 'Who is covering up what?'

Senator CADELL: It is.

Senator Ayres: This government has legislated targets and put out annual statements, and there is transparency here about all of these questions. People can ask sensible questions, they can ask dopey questions; no problem. We are here to answer your questions. The contrast is the sleazy cover-up which Mr Taylor engaged in prior to the last election. He hid from Australians—he went through all of the contrivances to cover this up—the fact that electricity prices were about to go up about 16 per cent.

Senator CADELL: Is 'sleazy' your personal reflection?

Senator Ayres: It was an utterly sleazy partisan effort by Mr Taylor to cover up what they should have known before the last election.

CHAIR: Minister, I ask you to withdraw that reflection.

Senator Ayres: Cheerfully withdrawn.

CHAIR: Thank you kindly.

Senator CADELL: This is what we are getting at here: every time we ask for costings, we get: 'It's the ISP.' But the ISP is mandated to meet the government policy of 82 per cent; isn't it, Mr Duggan?

Mr Duggan: That's correct.

Senator CADELL: If they said tomorrow that it is 100 per cent, that ISP would be out the window because you would have to come up with a new one; correct?

Mr Duggan: Yes, the ISP is the optimum development pathway to meet government policies.

Senator CADELL: So it is hamstrung by government policy. So who makes a decision? Does Senator Grogan, the chair here, have to be concerned that, if they build submarines in South Australia now, risky nuclear reactors will be close to her constituents? Is this what we are to glean from your department's use of this language? Are we now saying that people in Western Australia have to be fair because DCCEEW thinks they are 'risky' nuclear developments?

Mr Duggan: Senator, we have never described—

Senator CADELL: It is on your website, DCCEEW *Annual climate change statement 2024*.

CHAIR: Senator Cadell, let the witnesses answer the question without interruption.

Mr Duggan: Senator, I have never provided any advice that has used that language.

Senator CADELL: Mr Fredericks?

Mr Fredericks: Never.

Senator CADELL: It is on the website: the *Annual climate change statement 2024*.

Mr Fredericks: Which I understand would have been the minister's document.

Senator Ayres: That is the minister's statement.

Senator CADELL: But it is on your website.

CHAIR: But it is the minister's statement.

Mr Fredericks: I have to deal with a couple of issues you have raised, if you would allow me to. Inferentially you suggested—perhaps you didn't intend to do so—that this department has been politicised. I have been the secretary of this department and its various iterations under both governments, and I can tell you, as the secretary, that my department conducts itself exactly the same way today as it did three years ago and five years ago. So I don't feel there has been any change in the way my department conducts itself under my leadership. We implement government policy, and we do it very well. We did it very well under the previous government. The way we conduct ourselves is that, if a minister asks us for information, we then provide the minister with information. That is the same as what I have done with all my ministers. It is not a politicisation for a minister to ask the department for information, and we provide it in good faith. At the end of the day, I sit here in good conscience knowing that I, my senior leadership and my department conduct ourselves consistently with how we have done for five years.

Senator CADELL: Mr Fredericks, I hope I said at the beginning that I believe your department tries to do the right thing. I believe it has been pressured into this.

CHAIR: Senator Cadell!

Mr Fredericks: I understand. I just don't feel like I am under any pressure, I didn't feel like I was under any pressure under coalition ministers, and I don't feel like it under Labor ministers.

Senator CADELL: But when we get here, everything comes back to: 'It's government policy' or 'We have to assume that we will achieve 82 per cent.' Is there no independence? Patton said, 'If everyone is thinking alike, then somebody isn't thinking.' Where is the independent thought that goes into looking at things to make a better Australian energy policy?

Mr Fredericks: Senator, you have to be careful in using the language 'independent'. What a department like ours provides, and it has been consistent, is professional advice. We provide professional, objective advice to government about how to implement its policies. We have always done that. We also provide professional,

objective advice about other policies that the government could consider where we see a problem emerging. We have always done that. It is not a case of our sitting here and not having the capacity to understand challenge. We identify the challenge, and identify potential solutions to that challenge, while implementing the government's policy. That's how government departments work.

Senator Ayres: On that independence point, Mr Fredericks has outlined the Public Service's responsibility here very well. The minister is free to describe bad proposals as 'bad proposals', and risky proposals as 'risky proposals'; he is entitled to use that language. I think that in this case he is right to use that language, for all the reasons that we will no doubt traverse. If you are interested in independent advice, you don't have to wait too long. The Climate Change Authority will be here shortly, and they will have plenty of independent advice that you can ask them questions about. I'm looking forward to it.

Senator CADELL: If we are relying on them for independent advice, we are in a whole lot more trouble.

Senator Ayres: There you go again!

Senator CADELL: If you want to send a press release out on the day you're appearing before estimates, you've got to know your own limits.

CHAIR: Senator Cadell.

Senator Ayres: The problem is—if you formulate policy in the hope that people aren't going to subject it to some scrutiny, well, welcome to first grade, because that is what is going to happen in Canberra. When you have very expensive proposals that force industry offshore and lift costs for ordinary households, you can expect some scrutiny. I know your side of politics don't like it, but that is what is going to happen. You can try and shut down criticism in estimates. You can yell at people outside, which is what Mr Dutton and Mr Taylor do. But it will be subject to scrutiny. It is impossible for you to get through the next few months without this very bad proposal being exposed for what it is.

Senator CADELL: Just winding up on that: this document is a ministerial document. It's not a departmental document, even though it's got your—

Mr Fredericks: Senator, at the end of the day, the *Australian climate change statement* is a statement by the minister.

Senator CADELL: That's what I'm saying.

Mr Fredericks: It absolutely is.

Senator CADELL: It's a political document.

Mr Fredericks: In fact, it's a statement by which he reports to parliament, as I recall. That has always been the case. Of course, when our minister makes a statement, particularly one that's as significant as that, we ensure that it is available publicly through our website.

Senator CADELL: With your logo and departmental—

Mr Fredericks: There's nothing unusual about that.

Senator CADELL: I understand, but you can see how a person would say that this is a government department putting this out when it's only the foreword by the minister.

Mr Fredericks: If you look at that, sure, but, once you go into it and understand, it's a ministerial document. That's how it is provided to parliament. My recollection is that it's provided under the force of law.

Senator CADELL: Yes, correct.

Mr Fredericks: So, at the end of the day, I'm very, very comfortable today, as I would have been four years ago, in having a document like that on my website with my department's crest on it. It's standard practice.

Senator CADELL: I am happy to hear that.

Mr Fredericks: Nothing's changed.

Senator CADELL: I am happy to rotate.

CHAIR: No, we're all done.

Senator CADELL: Going on on that, if we go back to the things that Minister Ayres just said—talking about driving costs and businesses overseas under different policies—today I was asking specifically about another document. It was a slide presentation, also with the departmental logo, where the department is talking about 25 per cent more imports of clinker and 10 per cent less exports of steel or 18 per cent less exports of steel. When you talk about those things, they're the policies that you are looking at now under government policies.

Senator Ayres: No, Senator. You couldn't be more wrong.

Senator CADELL: I'm sorry.

Senator Ayres: You could not be wrong.

Senator CADELL: They were your documents, with your numbers.

Senator Ayres: No, no, no, no, no.

Senator CADELL: I haven't finished my question.

Senator Ayres: Do not mischaracterise the evidence that was given.

Senator CADELL: If he can interrupt me—

CHAIR: No, because he's right, because you are mischaracterising the information.

Senator Ayres: It is dishonest to mischaracterise the evidence that was given.

Senator CADELL: It's taken—

Senator Ayres: The evidence that was given was that the assumptions for that material, which is there to support good decision-making, focusing on issues like—don't interrupt—

Senator CADELL: You're interrupting my question, Minister. Who is the cover-up here? Why can't you handle the truth on this?

CHAIR: Senator Cadell, if you don't stop shouting, I will stop this now.

Senator CADELL: Well, apparently he can interrupt me and I can't interrupt him.

Senator Ayres: Well, you made an assertion—

CHAIR: No, okay. Minister! Senator Cadell, I could see that you were mischaracterising the evidence that was given to you a few moments before, and I think that you know that you're doing that. So let's just all take a breath. I appreciate you want to make some points here, but I can assure you I have been working around, in and outside governments for decades, and the kind of issues you're raising here are standard practice that has been going on forever and ever. In my encounters with this department—when I have been in opposition, when I have been outside this circus and when I have been in government—they are deeply honest, hardworking, professional people who do a great job.

Senator CADELL: I'm not saying anything about that. I'm saying that, when a department brings up documentation about driving work overseas and their own document says the climate shrinkage risk is 25 per cent more imports on concrete and 10 per cent less steel exports, and someone else wants to characterise a policy that hasn't been gone through in detail as being the major risk to it—

Senator Ayres: This is the problem.

CHAIR: Now we'll allow the minister to respond.

Senator CADELL: The question is—

Senator Ayres: I think, to be fair to Senator Cadell, sometimes he does know when he's mischaracterising it and sometimes he doesn't know that he's mischaracterising it. But you're certainly mischaracterising it. The department has undertaken to come back to you about what the assumptions that sat under that were, but it is material that is designed to support government making decisions to ensure that manufacturing stays onshore and that the framework here supports low-cost, reliable electricity for industry. They are entitled to come back to you about that, and they will. The alternative, and the reason I object so much, is that core to your plan—it doesn't go anywhere without it—is that 50 per cent of industrial loads for electricity intensive industry has to move offshore. The plan of Mr Taylor, poor old Mr O'Brien and Mr Dutton—their dodgy, risky nuclear plan—requires Australian manufacturing to close and go offshore in order to make room for expensive nuclear reactors that would start providing electricity in the mid-2040s. So don't mischaracterise the work that these people are doing to try and create a fig leaf over your—

Senator DAVEY: You're mischaracterising—

CHAIR: Thank you, Senator Davey.

Senator Ayres: It's not a mischaracterisation; core to the Dutton nuclear plan is forcing electricity-intensive manufacturing offshore.

Senator DAVEY: It's not.

Senator Ayres: It's there, in black and white.

CHAIR: Senator Davey, you don't have the call. Senator Cadell, this is your last question, and then we are rotating, because Senator Van has some other questions. Senator Cadell, if you have one last question.

Senator CADELL: So you have all the assumptions to make comments on our policy, and you can do that off the cuff now, but you don't have the assumptions on all these other things that are actually your policy and in your documents to give full detailed answers now? That's what you're saying to me.

Senator Ayres: Mr Duggan can answer your questions in enormous detail, and he has been.

Senator CADELL: No, you. You just talked then about assumptions in nuclear. You know it all: 'Right, we're sending 50 per cent offshore. We know all this.' You've got that down pat. But I have to give time so assumptions of a document your government produced and requested can be given to me.

Senator Ayres: It's in black and white in the Dutton document.

Senator CADELL: It's in black and white in my document. Now you're justifying it.

Senator Ayres: The risky nuclear plan that sends manufacturing offshore—that's what it's all about.

CHAIR: Okay. Now we are going to rotate the call to Senator Van.

Senator VAN: Mr Duggan—or it might be better going to Mr Plant, who is head of the Office of Energy Economics—I have a question on notice: could you provide us with a breakdown of the utilisation of the existing interstate interconnectors by, let's say, average use per day over a 12-month period.

Mr Duggan: We can take that one on notice.

Senator VAN: Is that clear enough?

Mr Duggan: Yes.

Senator VAN: Great. Thank you. I appreciate it.

CHAIR: Senator Blyth.

SENATOR BLYTH: We'll move into gas and the cost of gas prices currently in the market. Given the uncertainty around energy demand and the transition to renewables, can the department confirm that gas generation is still a necessary part of Australia's energy mix in all scenarios, particularly as a reliable backup to renewables during peak demand periods and extreme weather events?

Mr Duggan: Absolutely. As we transition away from coal, we do think that gas will continue to play an important role in Australia's electricity sector. Again, that is part of the optimal development path that we've been talking about in the Integrated System Plan. Effectively, what's projected in the Integrated System Plan is that we'll need in the order of 15 gigawatts of gas-fired power generation capacity for peak loads and firming by 2050. When you break that down, we've got about 11½ gigawatts of gas-fired power capacity at the moment. About 9.3 gigawatts is forecast or announced to retire, so you'd need that capacity to be replaced and another 3.5 gigawatts added.

Again, one distinct difference here is that we're moving to a more flexible use of gas in the future. The expectation is that that gas, when it operates, will be very important to provide the firming and, in a sense, the security to the electricity system. But we expect it to operate broadly at around five per cent of its total potential, so, as I said, it will be critical when it's needed, but it won't be needed very often. I should also say that implicit in my answer about it being part of the optimal development pathway is that renewable energy generation supported by that peaking gas-fired power generation is the lowest-cost pathway, we think, in order to take us through to net zero in 2050.

SENATOR BLYTH: Thank you. I will move along to the ACCC report, which is showing the current gas price at around \$15. There was supposed to be a price cap of \$12 in the gas code. Based on that, do you think the gas code is working?

Mr Duggan: Yes, I do. There are a couple of elements around the gas code that are really important to keep in mind. One is, as you referred to it, the reasonable price benchmark of \$12 per gigajoule that's in there. But, alongside that, there is the opportunity for producers of additional gas supply into the market to come to the government and seek a ministerial exemption from that reasonable price benchmark of \$12. As I indicated in my earlier evidence, we've seen that that has worked. We've got an additional 604 petajoules of gas to 2033 now coming forward as a result of those ministerial exemptions from the reasonable price mechanism of the code. That additional gas supply will put downward pressure on prices into the medium term. For any given level of demand, the gas code, by bringing forward more supply, will put downward pressure on price.

Senator BLYTH: When do you think consumers will actually see that price reduce?

Mr Duggan: I think consumers are seeing that today. If you're an LNG exporter and you face a choice between either exporting your gas into Asia or selling into the domestic market, the domestic market price at the moment is around \$13 per gigajoule. When we net it back to their cost structure in Australia, they could get \$19

in Asia. So I do think we are seeing Australians paying lower gas prices as a consequence of this regulatory framework.

Senator BLYTH: Okay. There's some—

Senator Ayres: Sorry to interrupt, Senator Blyth. It's probably useful to point out that Mr Duggan's outline of the prices now, of course, is absolutely correct about now. When we were elected in 2022, prices were north of \$31. The impact of that illegal and immoral invasion of Ukraine on gas prices was very substantial. A considerable amount of work has been done, but we've come from some very high and challenging numbers for industry.

Senator BLYTH: The assumptions about a projected shortfall in the market—you're saying that you don't see that as being the case?

Mr Duggan: What those additional supply commitments have done, as I said in earlier evidence, is push back the projections for when we'll reach the point where demand could potentially outstrip supply. But, as I mentioned, one of the reasons AEMO produces the *Gas statement of opportunities* is precisely to communicate to the market where there's the opportunity for more investment. We would expect to see more come forward. In fact, we can see a pipeline of activity there that will support more gas supply into the market. But I indicated earlier that energy ministers have asked their senior officials to come back to them at the first meeting of this year with advice and additional options for them in order to ensure that we don't see any gas supply shortfalls into the medium term, including thinking about an extension of AEMO's powers. At the moment, AEMO has the capacity to operate in the market to deal with emergencies. This piece of advice asks us to consider whether we can expand that so AEMO has more of a role into the medium term to ensure that those shortfall risks aren't realised into the future.

Senator BLYTH: Thank you. That's all the questions I have.

CHAIR: I think we are all done. Thank you very much. We will now release program 1.2, and I will ask officers from the Australian Renewable Energy Agency to come to the table.

Australian Renewable Energy Agency

[14:29]

CHAIR: Welcome, Mr Miller.

Mr Miller: Thank you.

CHAIR: Thank you very much for coming—not that there's a huge amount of choice, of course, but thanks anyway. Would you care to make an opening statement?

Mr Miller: We've tabled an opening statement; I won't read it out today.

CHAIR: We don't have it.

Mr Miller: You don't have it? We'll send it over.

CHAIR: Given that you wrote one, you may have thought it would contextualise where you're at.

Mr Miller: I think we can leave it. It's reasonably generic.

CHAIR: Alright. We'll go to Senator Darmanin.

Senator DARMANIN: I wonder if you could start with giving us a bit of an overview of the benefits of the changes to the ARENA act that were put in place at the end of last year.

Mr Miller: There were a variety of changes. Probably the most significant element of those would be the opportunity, for the first time in ARENA's existence, to have a general right to employ our own staff. We've been operating on two employees, and all of our resources beyond that have been made available by the department and/or consisted of consultants and contractors. That's probably the most significant internal operational change that will be of benefit to the agency. We've also had funding that was appropriated to ARENA added to a table in the act which has provided a greater degree of certainty to the availability of funding to the market. And there have been other changes, including board composition, the length of board terms and a variety of other amendments which I'm happy to go through in more detail if you'd like.

Senator DARMANIN: What was the value of the statutory funding, and could you talk a bit about how this helps investment?

Mr Miller: I think it was in the order of \$6.2 billion of funding over a number of years in a table that sets out the funding available for a variety of programs, including what's known as our baseline funding, which is essentially funding that can be applied by the board from time to time in accordance with its general funding

strategy and investment plan. Then there are a variety of budget measure programs over the years that have been appropriated to ARENA, including an additional set of baseline funding—the Sunshot program, the Battery Breakthrough Initiative, Future Made in Australia funding and the like.

Senator DARMANIN: You mentioned Solar Sunshot. Why in particular is it important to support the solar manufacturing supply chain? Can you talk a bit about that.

Mr Miller: I can give you our perspective on that, which is that solar is a critical technology for Australia's energy future and economic future. As you'd be aware, supply chains are currently highly concentrated in one particular country—that's China—and, with the volume of solar deployment that we foresee in Australia, there's a benefit in Australia having some say and a skill set in that supply chain. We as ARENA see that as the primary underlying driver and rationale for that program.

Senator DARMANIN: In terms of the Future Made in Australia community benefit principles, can you talk about how you propose to implement these and, also, whether or not you already take many of the issues into account with your existing programs?

Mr Miller: We first implemented community benefit principles overtly, if you like, in our Hydrogen Headstart Program, where we have quite an in-depth requirement for projects to engage meaningfully with communities and apply the principles of local economic advantage, jobs and good engagement with the local communities as part of what they do. Those principles are now applied formally to the Future Made in Australia programs like Solar Sunshot, Battery Breakthrough Initiative and the like. What I would say is that, in ARENA's history, we've always required these kinds of things and always been mindful of the impact on local communities. It's now been formalised in these principles, and it gives us an additional impetus to make sure that the projects are doing everything that's reasonable and meaningful for the local communities and creating local economic advantage.

Senator DARMANIN: It sounds like a continuation of the status quo.

Mr Miller: And it's a formalisation, if you like, of those core principles that would have been implied in the past.

Senator DARMANIN: Thank you.

CHAIR: Senator Davey.

Senator DAVEY: You mentioned the Hydrogen Headstart program, which is great, because now I will continue along that line. That program was announced in December 2023—and ideally, if it comes to fruition, we'd like to see the driest continent in the world essentially export water to other continents; that's me simplifying it—but we haven't had any updates since its initial announcement. Can you provide us with an update on the progress of that program?

Mr Miller: I think since the initial announcement there have been some updates. I think the most recent update would have been the announcement of six projects that were taken to full application stage and have been assessed by ARENA's advisory panel, and projects amongst those six have been endorsed by the board, and advice to the minister has been provided. We are very close to announcing at least the first successful project under that round and perhaps more than the first. But certain processes need to take place before we're in a position to announce the winner or winners publicly.

Senator DAVEY: Of those six projects, however, three appear to have fallen over or are at least encountering very significant hurdles. There are reports that BP's Kwinana project has stood down workers. Origin appears to have pulled out of the Hunter Valley project. We've seen the Queensland government step away from the Central Queensland project. And just last week the South Australian government took the hydrogen funding from Whyalla to support the Whyalla steelworks. So, are we going to have an update saying that the six are now three or potentially less than three?

Mr Miller: We were always very clear, and the market is very clear, that we thought the funding available in Hydrogen Headstart round 1 would be sufficient to see one to two projects selected. And, as I said to you, we've down-selected to six, and we have provided advice and are working through the processes to announce who we'll be in a position to provide funding to. If you would allow me, we'd prefer not to provide a commentary on the specific projects. We have very strict probity guidelines and processes to follow, and I would rather make the information available publicly when it is appropriate to do so.

Senator DAVEY: But, just to be clear: the Hydrogen Headstart program was only ever designed to fund one or two projects, at best?

Mr Miller: It was ARENA's estimation that that amount of funding and the project size that we were looking at and the economic equation, if you like, of hydrogen at the state it's at would allow us to support one to two projects out of the first \$2 billion of funding available.

Senator DAVEY: And I appreciate that you don't want to, and nor should you, discuss any commercially sensitive information. But the collapse of the Central Queensland hydrogen project has been very publicly discussed. In light of that, how does ARENA assess the current risk of the Hydrogen Headstart program and its ability to meet its original objectives?

Mr Miller: I remain confident that we'll meet the objectives of the program. That's not to say that hydrogen is easy. It's an extremely difficult technology to get going. It's taken a huge amount of effort from ARENA, the departments, DCCEEW and the applicants who've come forward. But I'm very confident that the rationale for the program as it was at the beginning and the progress we've made are well thought through and are a solid foundation for the work that will come following the announcements in the weeks and months ahead.

Senator DAVEY: Has ARENA had to adjust its strategy to support the remaining projects at all or to encourage a sustainable, long-term Australian hydrogen industry?

Mr Miller: We're always re-evaluating the best way to move forward in any technology, and hydrogen is no different. We have strategy sessions that we run constantly inside the agency, that we run with the board, and advice I provide to the minister. But, in terms of the Hydrogen Headstart program and the thought process behind it, I think it's extremely well thought through and is still the right course of action. We haven't had to change strategy on that program at all. It is just taking time.

Senator DAVEY: So you're still looking forward to sending water from Australia elsewhere?

Mr Miller: I don't know if it's 'sending water'. It's certainly energy content, and that's what Australia can do best into the future: manufacture energy, embed energy in products and have that available to other parts of the world that don't have the natural resources that we have. That's the objective behind the program.

Senator DAVEY: I'm very aware that I'm hearing some throat clearing, but, very quickly, I just want to move to the community battery program. Can you just give us an update. Given the scale of the community batteries initiative, how many community batteries have been installed so far?

Mr Miller: I'd have to take on notice the question you've asked about how many have been installed, but we have made very good progress in that program. In fact, we were oversubscribed and delivered more batteries than the number we were requested to deliver for the funding available. We have signed up contracts with 16 counterparties for over 340 batteries, and we have funding left over for a second round, in fact, which we are hoping to deploy soon. So we allocated \$143 million to 370 batteries—I think our target was 342 batteries. As I said, I think there are about 20 counterparties or 19 counterparties, and 16 of those have been signed up already.

Senator DAVEY: During the last election campaign, there were 58 locations promised by the Labor government. Have those 58 locations all been serviced?

Mr Miller: I'll let the department answer that. Because those batteries were specified in terms of particular locations, ARENA wasn't able to help with that. As an independent agency, we are not able to be instructed to fund a particular project. So the department took on the task of delivering those 58 batteries. ARENA's cohort of batteries were in addition to the 58 to make up the full number.

Senator DAVEY: So those 58 locations were—

Mr Miller: They were not ARENA.

Senator DAVEY: election commitments which were not funded by ARENA?

Mr Miller: They had nothing to do with ARENA, so I have no knowledge of how they are going.

Senator DAVEY: Do you know how many individual locations ARENA has serviced? It's 314 batteries, so how many individual locations is it?

Mr Miller: The number of locations would be the same as the number of batteries. Every battery stands geographically on its own.

Senator DAVEY: So they're not battery banks, like the Tesla battery in South Australia, which is—

Mr Miller: No. Each community battery has its own piece of land, whether that's on a nature strip, in a park, at a substation, behind the meter at someone's facility or at a sports stadium and the like. So, for the 370 batteries that ARENA has committed to fund, or approved for funding, that's 370 separate locations.

Senator DAVEY: To the department, of the 58 promised at the election, how many have been delivered?

Ms Munro: That was in the previous outcome, outcome 1.2, and for those officials. We can take that on notice.

Senator DAVEY: This is where it gets frustrating. So there's no-one here that could step up?

Ms Munro: No, those officials have gone. It's ARENA here at the moment.

Senator DAVEY: Would it be possible to get that advice from the department by the end of the day?

Ms Munro: I'm not sure. We will endeavour to do our best to get you that information.

Senator DAVEY: I would appreciate that.

CHAIR: Senator Pocock.

Senator DAVID POCOCK: Thanks for your time and thank you for all the work that you and your team are doing. I've got some questions about the electrification accelerators announced a month or so ago by Minister Bowen. As I understand it, the minister wrote to ARENA to exercise his referral powers under section 11 of the act in August last year—six months ago. I am keen to get an update on what's happening. Where are you up to in terms of the ARENA process?

Mr Miller: We received the section 11 letter from the minister. I think we replied to that letter very early in November. We released some public information on our website to give the industry an indication of what they should do if they have projects that, from their perspective, meet those criteria. I believe we've had a number of direct approaches from the industry and the market. My team, who handle the distribution energy side of the business at ARENA, have been in contact with those people to talk about their inner process and understand a bit more about those projects. Per our statement on our website, we're open to innovation, open to principles that are put forward in that letter.

We also make the point that the minister asked us to seek to fund electrification projects like the 2515 project, down in Thirroul, in other states. We know we've got the one in New South Wales underway. We've got a very similar project underway in South Australia. We're really keen to see similar projects come forward from other states and territories so we can, in a sense, ensure we tick off every state and territory of Australia in a similar fashion.

Senator DAVID POCOCK: Is it possible to table a copy of that letter in response to the minister? Is that a problem?

Mr Miller: I'm not sure. What do you think, Mr Faris?

Mr Faris: The section 11 letters are semi-public. We need to report them in our annual report. I might just take a short piece of advice, but there's no objection in principle. If you could give me half an hour to check that, that'd be appreciated.

Senator DAVID POCOCK: Okay. Just to confirm, it's a project in every state and territory that you're proceeding with?

Mr Miller: Yes. That was the request from the minister, and that's what we're looking at doing.

Senator DAVID POCOCK: My team was looking at the funding opportunities section of your website. The accelerators don't come up alongside the other opportunities. I was interested if there was a reason for this and if they will be put up on the websites so community groups can see.

Mr Miller: The funding that we would make available to electrification projects falls under our baseline funding. There's no specific budget program like we might find with the Driving the Nation Program or microgrids program. Essentially, the majority of our funding is through baseline funding, and then we have a specific program called Advancing Renewables Program, which sets the guidelines that we would use to fund electrification projects, and then the key document that people have available to them, which sets out our strategy in terms of electrification, is our investment plan, which talks specifically about the lens of demand flexibility in the distribution energy space.

Unless we have a specific program and a specific funding obligation that we put against it, we would ask people to review our investment plan and review the guidelines of the Advanced Renewables Program, which tell people what kind of topics and how to apply for funding. We're really open for business. We don't need a specific funding program or funding page, like we do for some budget measures.

Senator DAVID POCOCK: How will community groups understand what they need to do and go through the process, given this isn't their bread and butter?

Mr Miller: Like I said, we have been in contact with some, who have been calling and leaving submissions on our website, already. My team has been engaging with them and giving them some guidance as to how to approach ARENA with projects. So that's underway.

Senator DAVID POCOCK: That's good to hear, but do you have a team that can help community groups work through the process?

Mr Miller: Yes.

Senator DAVID POCOCK: That's good to hear. To pass on some feedback, what I'm hearing is that, when you go to the website, it's hard to actually find the opportunities for this. I understand it's not a dedicated stream. It's coming out of your existing funding, but it would be good for groups to be able to see what's out there.

Mr Miller: I'll take a look to see if there's something we can do to make it appear easier for people.

Senator DAVID POCOCK: Thank you very much.

CHAIR: Senator Van?

Senator VAN: Thank you, Mr Miller, for appearing with us again. I just have some congratulations. Last week you released the *National roadmap for bidirectional EV charging*, an important piece of work. It's something that I've been arguing for for four or five years now. It's nice to finally see some progress being made on that. Can you tell the committee about what the next steps from here are, probably also touching on why is bidirectional charging or V2G so important for our energy bills, our energy use and our emissions reduction?

Mr Miller: Like you and many others, we've long been intrigued by the opportunity for vehicles and the sizeable batteries that essentially power those electric vehicles to be available to provide power to homes and, through the home connection, back out to the grid to provide cost reductions for homeowners and to provide energy resilience in terms of system security support, like frequency control, but also energy when the market needs it. We as Australians have a choice to make about how much we invest in home infrastructure, whether that's batteries, solar panels or energy efficiency, but vehicles have a distinct advantage in that you're buying a vehicle for a transport end use and essentially might be getting a battery for free for home use.

The key issue that needs to be resolved is electrical and Australian standards to allow those batteries in vehicles to be connected, both technically and from a compliance perspective, into the home. And there is another set of complexities around whether the energy is available to be exported from the home back out to the grid. There has not been a national, standardised approach to setting those standards and having essentially enough volume in the market for an overseas manufacturer looking at a small Australian market to make a choice as to whether to direct their product to Australia versus 16 different states, territories and grids. If you can imagine the situation today, where you have 16 different DNSPs and grid operators all setting different rules for vehicle to grid—it must be very difficult to get enough scale into any one of those to justify having your product certified for a particular market.

So I think the bidirectional road map comes out with some strong recommendations that we should have a unified approach for Australia. If we can do that, then we provide a weight of evidence, if you like, or a weight of a market, which has been lacking so far, to overseas manufacturers to make their vehicles and make their chargers available for this market.

Senator VAN: Thank you. I hope it's not just the foreign made EV chargers that are getting a look-in here; there are some very good Australian made ones as well. One of the other things that is looked at in the road map is time-of-day pricing of electricity. This has enormous significance for the NEM, given the perverse supply-demand curves that we're seeing in the middle of the day at the moment. Can you talk about the need and what work is being done to try and change that time-of-day pricing in order to allow consumers to charge their cars at work or at the shopping centre and then bring them home and discharge them to run their air conditioners or whatever they need to do when they get home at night.

Mr Miller: There's work being done, and others, like the AMEC, the AER, the various retailers and the networks, are the primary people responsible for setting network tariffs and responding to the national energy rules. I would say that, if I were to try to answer your question, I would be doing it as a layperson, not on behalf of ARENA, and I think that it's not really a job for ARENA to try and help you with the answer to that question.

Senator VAN: Fair enough. Minister—you may or may not know—is the minister, through the ECMC, doing any work on trying to harmonise all this, particularly with the distributors, given the sheer number of them, so that people will be able to connect their electric vehicles to their homes?

Senator Ayres: I'm always happy to cheerfully confess when I don't know the answer to a question. Sorry, Senator Van, I don't know if we can provide any update directly to you. I'm sure the minister's office would be very happy to do that.

Senator VAN: Thank you.

CHAIR: Excellent. Thank you so much for your time. We really appreciate it, and we will let you go.

Clean Energy Finance Corporation

[14:54]

CHAIR: Welcome, Mr Learmonth. Thank you for coming.

Mr Learmonth: Thank you for having us.

CHAIR: Do you have an opening statement that you would like to address?

Mr Learmonth: I do.

CHAIR: Please go ahead.

Mr Learmonth: Thank you for the opportunity of being able to provide this opening statement. We very much welcome and thank the parliament for the recent additional \$2 billion of capital allocated to the CEFC's general portfolio and additional funding also to the Rewiring the Nation fund, which was included in the Mid-Year Economic and Fiscal Outlook and was passed by parliament in relevant appropriation bills receiving royal assent on 14 February. This is the first instance in the investment capacity of the CEFC's general portfolio since we were established in 2012. CEFC's investment commitments through the general portfolio include renewable energy generation, storage, property, electric vehicles, infrastructure and natural capital. They also include capital for our asset finance programs, which provide discounted finance to households, small businesses and farmers across approximately 80,000 smaller scale clean energy investments.

CEFC has been very active in the first six months of this financial year—the six months to December 2024—with investment commitments of \$1.1 billion made through the general portfolio, with a total transaction value of \$6.3 billion, representing an additional 4.85 private sector dollars for each dollar of CEFC capital committed, a strong indication of market interest in a diverse range of clean energy investment opportunities. We expect this additional capital to be particularly important for increasing our investment in much-needed renewable energy generation and storage projects, both of which are essential to delivering on our investment mandate and the government's emissions reduction targets. The government has also provided a top-up, as mentioned, for the Rewiring the Nation fund, effecting the government's intentions for further Rewiring the Nation works and Rewiring the Nation investments to modernise our electricity grid and deliver new and augmented grid infrastructure. Late last year, in fact, CEFC announced approximately \$2 billion of capital to Transgrid for the construction of HumeLink and VNI West early works in New South Wales. It represents CEFC's largest single investment commitment. The infrastructure will deliver up to two gigawatts—2,000 megawatts—of pumped storage to major population centres, being Snowy 2.0, with Transgrid modelling estimating this vast firming capacity will also enable the grid transmission of an additional 2,570 megawatts of renewable energy. We see these additional capital allocations as an important demonstration of the parliament's support for the work of the CEFC. I thank the committee and look forward to questions.

CHAIR: Thank you very much. We will go to Senator Cadell.

Senator CADELL: Thank you for that opening statement. Firstly, from your opening statement—I'm hearing some of it for the first time, which shows poor preparation by me—of the \$2 billion to Transgrid, we just heard evidence this morning of a regulated rate of return between six and seven per cent specifically on that. So are Transgrid getting a discounted finance rate with a guaranteed rate of return?

Mr Learmonth: Their rate of return, through their regulated asset base, is something that's determined by the Australian Energy Regulator.

Senator CADELL: We got that this morning, yes.

Mr Learmonth: And the finance that we're providing in some part is concessional—some part of that capital is concessional. It's a contribution of hybrid notes that allow Transgrid to comply with its rating agency requirements and senior debt, alongside other banks.

Senator CADELL: So, even though they were getting a regulated rate of return between six and seven per cent—they couldn't name the absolute figure. We are subsidising some of it and potentially letting them get commercial loans at a lower rate by mixing their loan ratios as well.

Mr Learmonth: This capital is provided in a kind of flexible way—and, in some part, is concessional—to allow shareholders, or TransGrid, to meet its required business case and therefore accelerate and bring forward this project, which, ultimately, will be good for consumers and should reduce the cost of transmission and electricity to consumers.

Senator CADELL: I get that. It just seems odd that when you've got a guaranteed rate of return, you are just getting your money cheaply, and you're making a profit. It's just making extra profit for them, surely—the margin?

Mr Learmonth: As you know, Transgrid is a privatised company, with shareholders. Now, the AER has gone through some changes and introduced financeability changes that take into account—

Senator CADELL: The capital contribution—yes.

Mr Learmonth: That's right, but this predates that.

Senator CADELL: Understood. Sorry, that was just an aside from the opening statements. Let's go back to how much funding has been given under different projects and how much remains. I'll just go through those one by one. With the Rewiring the Nation top-up, how much has been contracted to date and how much remains unallocated?

Mr Learmonth: I will take that on notice. Actually, we can go through those projects if you wish?

Senator CADELL: Yes, please.

Mr Powell: It is approximately \$2.8 billion.

Senator CADELL: I'm okay with approximations.

Mr Powell: There is \$2.8 billion of committed funding, including approximately \$2 billion to Transgrid.

Senator CADELL: How much is unallocated?

Mr Powell: Unallocated is around \$16.2 billion.

Senator CADELL: What about the community batteries initiative? Is there no funding?

Mr Learmonth: There is no funding for community batteries.

Senator CADELL: What about the Household Energy Upgrades Fund?

Mr Learmonth: That's a separate fund of a billion dollars, of which allocated to date is—let's have look at it here—

Mr Powell: I think we have left about—

Mr Learmonth: \$345 million—

Mr Every: That's right.

Mr Learmonth: \$345 million of the billion has been committed to date.

Senator CADELL: So there is \$655 million still to go, roughly?

Mr Learmonth: Correct.

Senator CADELL: Do you know when the next round of that will be?

Mr Learmonth: The next round?

Senator CADELL: Yes.

Mr Learmonth: We have an allocation of a billion dollars, so we are constantly reviewing proposals as they come forth. We have a number of—

Senator CADELL: So anyone can put in a proposal at any time, and you will assess it when it comes through—there are not formal rounds?

Mr Learmonth: That's true. To kick it off, we ran an RFP process and got a very good response, and we've now implemented four transactions, which represent that \$345 million. In terms of the balance of it and completing it, we would hope that will take place over the next 18 months or so.

Mr Powell: In the interests of transparency, \$531 million of that original billion has not yet been credited to the CEFC special account. So, whilst there is \$655 million remaining, we're still waiting for that \$531 million to come in.

Senator CADELL: So you have \$124 million in cash. My maths teacher will be proud. In rolling out either of these programs, have there been any unexpected delays or barriers—state approvals or anything like that—in contracting and getting money out the door?

Mr Learmonth: Sorry, are you referring to—

Senator CADELL: In either of those rounds, Rewiring the Nation or—

Mr Learmonth: They are quite different things, of course. With Rewiring the Nation, they are large-scale transmission projects in most cases, so they will take time. In some of them, there are delays from time to time in terms of reaching FID with those projects. That will continue to be the case, as I said.

Senator CADELL: Is community consultation big in those areas?

Mr Learmonth: Community consultation is a significant part of that. With the Household Energy Upgrade Fund, it's really more a case of processing the various applications or proposals that we receive. They are less driven by community consultation or other external factors. It's really our engagement with the market.

Senator CADELL: Moving quickly on while the chair doesn't notice—

CHAIR: I notice everything!

Senator CADELL: On the extra \$2 billion allocation, what is the scope of that?

Mr Learmonth: As mentioned in the opening statement, it goes into our general portfolio, which covers quite a broad range of sectors—for example, renewable energy, transport, infrastructure and natural capital. We anticipate a considerable degree of demand for wind, solar and storage, in terms of helping the government to deliver on the Capacity Investment Scheme and to try and reach 82 per cent renewables, so we see a considerable amount of that \$2 billion being used in that sector.

Senator CADELL: So things that are already under the CIS may be funded again or financed under this as well.

Mr Learmonth: Potentially. There are other projects that may not even apply under the CIS that may be a renewable energy project that we would support. We're not confining ourselves to Capacity Investment Scheme projects.

Senator CADELL: I would hope not.

Mr Learmonth: No, but it's not necessarily unexpected that we would support a project that would bid into the CIS.

Senator CADELL: I've got a concern after that answer and the Transgrid thing that there are many different buckets of funding between a guaranteed rate of return at Capacity Investment Scheme and CEFC finance and that people are double-dipping their nuggets, so to speak. They're going: 'I'll take your guaranteed rate of return. I'll get discounted finance. I'll go to the Capacity Investment Scheme and get money from there and then get dedicated finance here.' Are taxpayers propping up private businesses twice in many of these instances where they're getting these guaranteed rate of returns and cheaper finance? They're really double-dipping or more. There are multiple places.

Mr Learmonth: Not necessarily. I don't believe that's right. The Capacity Investment Scheme obviously is a mechanism that allows various proponents to bid into a particular program to bid a certain degree of revenue underwriting, particularly to help them go and raise debt for these projects—in many cases, limited recourse project finance debt. These projects are getting bigger and bigger as there is very significant demand on the capital markets, on the banking markets and in Australia, so they may also borrow in excess of what the Capacity Investment Scheme would underwrite. It's not a case of covering all their risks of return and revenue. At the same time, our participation in those projects in some cases may help the private banking market have confidence in these projects. As I said, it's also because there are such large-scale projects that so many banks are being called on that we can help play our particular role. Also, we don't expect to use concessionality necessarily. We'd be landing in many if not most cases on market terms, so there's not really a sense of, as you say, drawing on concessional or beneficial arrangements in that regard.

Senator CADELL: But Transgrid had some form of concessionality.

Mr Learmonth: Transgrid had some form of concessionality; that is true.

Senator CADELL: This is personal commentary slightly, but I have some concerns when a lot of my constituents come to us and they're getting compulsory acquisition for transmission lines and the fear of that. I'd much rather make their income tax free from that than give it to the company that's doing that to them. Do you look at the consultation process? Do you have criteria on the company's process in going out—like Transgrid's, for example—and how they engage with communities, meeting those guidelines to qualify? Are there certain hurdles they have to meet in how they treat communities?

Mr Learmonth: We are very focused on social licence and community engagement with all the large infrastructure projects that we're engaged in, particularly with counterparties like Transgrid, who are undertaking some very large projects in New South Wales. So, yes, we are very focused on that. We make sure that they're engaged early in the right ways. It's something that's a very significant issue for the CEFC.

Senator CADELL: Okay, thank you.

CHAIR: Senator Van, do you have any questions?

Senator VAN: The Rewiring the Nation Fund—so far there are three or four large transmission projects. Is that correct?

Mr Learmonth: Yes. We've announced four, I believe.

Senator VAN: So Project EnergyConnect, VNI West, HumeLink and the Central-West Orana Renewable Energy Zone?

Mr Learmonth: Project EnergyConnect was announced before Rewiring the Nation, which was with Transgrid. We've announced Central-West Orana financing, which we've done with EnergyCo, the New South Wales owned entity, and it's in some ways delivering that project. As you mentioned, AEMO—we've done financing there. The HumeLink, the VNI West project and the fourth one—

Mr Every: The fourth one is the New South Wales electricity early works—

Mr Learmonth: Yes—we've provided a liquidity facility to the scheme, a financial vehicle in New South Wales as well as another means of helping roll out New South Wales RTN programs. So, yes, four projects have been announced so far.

Senator VAN: But so far they are all transmission projects?

Mr Learmonth: All relate to transmission; that is true, yes.

Senator VAN: Given that it's accepted that transmission only solves a small part of the problems we're facing with the transition, you do have scope within the RTN Fund to fund generation and storage, do you not?

Mr Learmonth: We do. In particular, long duration storage is contemplated under the investment mandate for Rewiring the Nation. To date we haven't made committed capital into one of those projects, but we are engaging for—

Mr Every: That's why the general portfolio recapitalisation is so important—because most of the generation and storage that we fund comes out of that bucket rather than Rewiring the Nation. It's a great story; the CEFC was originally capitalised with \$10 billion, and that \$10 billion is actually on its second rotation. The government's given us another \$2 billion to keep the movement going.

Senator VAN: Terrific. So the RTN Fund will only be used for transmission?

Mr Learmonth: Not exclusively. As I said, long-duration storage is included in there, but we do have a very significant pipeline of transmission projects.

Senator VAN: In their ISP, AEMO say that there's \$16 billion worth of transmission that needs building under the ISP. You've got \$19 billion to spend. Either you're funding all of it or there are going to be funds spare. Do you have any thoughts on where those investments might go?

Mr Learmonth: As mentioned, we have a pipeline, of course, and that is in many cases informed by the letters of intent that have been struck between the government and respective state energy ministers. Most notably, New South Wales, Victoria, Western Australia, the Northern Territory and Tasmania have all entered into LOIs. There are a number of projects that have come out of that—notably, big projects like Marinus Link, for example. So, yes, there's a pipeline that is informed by the government's plans that they have undertaken with the states, as well as AEMO's ISP, as you mentioned, as a guide to the key projects that the RTN moneys should be investing in. We've got, if you like, a pretty full order book—a fairly large pipeline—of deals that will fit into our \$19 billion envelope at this stage.

Senator VAN: So it's going above and beyond what AEMO have set forward as our transmission needs?

Mr Learmonth: Well, the ISP is done for a certain outcome, if you like. With the Rewiring the Nation pipeline, there's \$3 billion in WA for projects up in the Pilbara—

Senator VAN: Good point.

Mr Learmonth: That may not necessarily be in the ISP, for example.

Senator VAN: That makes sense. With the RTN, you've got a higher risk appetite for the funds invested. Would that have allowed you to look at the Pioneer-Burdekin pumped hydro project? It's shelved now, but would that have been kept on track—

Mr Learmonth: It certainly is in scope. As a pumped storage project—a long-duration storage project—it would be within scope of the RTN if it was a live project. But, yes, the—

Senator VAN: Was that brought to the CEFC?

Mr Learmonth: Only in a very preliminary way. It's not currently on our list of projects.

Senator VAN: Great. Thank you.

CHAIR: Now, you guys have been around quite a long time.

Mr Learmonth: We have.

CHAIR: Yes. Have you seen any changes in your investments, how you're operating or the return you're providing to government over that period of time? Can you talk us through that?

Mr Learmonth: We've been going for about 13 years or so in investing—very successfully, I'd have to say—in this very significant clean energy transition that we've been going through. We started off by investing \$10 billion, and, in our early years, we had a very strong focus on the electricity sector—I mean, we still do—as it had the lowest cost of abatement and was where a great proportion of Australia's emissions were coming from. Our investment activity in the early days was in the first wave of solar and wind in Australia and, a little bit later, storage. But, equally, we were investing in other carbon-reducing pathways, like the built environment, infrastructure, agriculture and transportation. That's where we were focused for many years.

We were set a portfolio target return—I think you were asking about the return and how it's changed—for many years of three to four per cent above the five-year government bond rate, which was very high. It's now changed; it's dropped to two to three per cent for this general portfolio, which is about where that portfolio is now targeted or tracking, if you like, cumulatively since inception. We were probably a per cent below the original target, because it was very high for a number of years, and now, with the general portfolio—those activities that I covered—we're squarely within.

With the most recent change of government, to the Albanese government, we were increased substantially in size, by \$20.5 billion. We got an additional \$19 billion for Rewiring the Nation, another billion dollars for household energy upgrades, and another half a billion dollars for a thing called the Powering Australia Technology Fund, which was about investing in high-impact, earlier-stage companies. Only a couple of weeks ago, we got a further \$2 billion for that general portfolio.

That's meant, with those additional funds and dedicated areas that we have been given further appropriations for, that we've had to build up our teams in specialisation and skill. I think we've done a terrific job in rolling out the first phase of Rewiring the Nation, household energy upgrades and even the Powering Australia Technology Fund. We've made significant investments across all of those areas as well as maintaining our activities in the general portfolio around wind, solar, storage, household batteries, working with banks and non-bank lenders, putting solar on people's roofs in a cost-effective way and targeting a various range of demographics to do that.

One thing—coming back to your point about how our investment returns or targets have changed—is that, with the large infrastructure projects around Rewiring the Nation, some of that big infrastructure financing is being done at a concessional long-term rate. That will have a non-cash impact in our accounts, but, in cash terms, those are all very positive investments for the taxpayer and will be successful.

CHAIR: My recollection is that the government has sponsored a rule change to ensure that that concessionality gets passed on, so the concessionality that's being provided doesn't just go into the pockets of the transmission companies.

Mr Learmonth: Yes. The Australian Energy Regulator has introduced a financeability rule change, which means that if concessionality is provided to a transmission company that's taken into account in determining the weighted average cost of capital. To go back to your point, much of the financing we're doing is with state owned transmission companies. Where we provide concessionality, that is going straight through to consumers, and we are reducing the cost of electricity and the network charges that will ultimately be borne by consumers around the countryside.

CHAIR: That's good to know. How do you address the risk that you face in the investments that you're making and the projects you're pursuing, to protect your finances and, obviously, to protect the Commonwealth?

Mr Learmonth: As you'd expect, we have highly skilled professionals out there looking for deals and structuring those investments. They go through a very rigorous investment committee, which operates under

delegation from the board. If the transactions are too large or they have particular risks, we'll take them to our board, which is full of highly skilled investment professionals—lawyers and so on. Particularly with the Rewiring the Nation projects, which are, in some cases, multibillion dollar deals in a very specific area, the board has created a special subcommittee with representatives on it that may have been in the transmission sector that would sit in on that committee to give it another set of eyes so that we make sure that we make the right decisions when we're putting a very substantial amount of taxpayer dollars into investments.

If I look back at the history of the CEFC's investment over the 13 years or so, it has been very successful, and only really a very, very small number of loans have become impaired or been written off. I think it would be less than—

Mr Powell: Less than five.

CHAIR: Sorry, less than—

Mr Learmonth: Three loans in the—

Mr Powell: Two fully written off and one partly written off over the entire life of the CEFC.

CHAIR: For those who don't know, how many years is that?

Mr Learmonth: Thirteen years—cumulative investments in the order of about \$17 billion. It has been very successful. We're very proud of that, but at the same time we are still out there trying to fill gaps and taking risks that others won't take so we can crowd in the private sector.

CHAIR: I remember that, when you guys were first set up, there was an expectation of a much higher default rate, wasn't there?

Mr Every: There was, and I believe that in the originating bill the explanatory memorandum had estimated losses of about seven per cent.

Mr Learmonth: It has been very financially successful. Even if you look at our returns for many years now, even if you take our net operating surplus and you take the implied cost of the capital that we use—we're equity funded, so it doesn't show a cost of capital—we still make a return for the taxpayer. We're self-funded in that sense.

CHAIR: It's a testament to the skill and expertise of your organisation. Does anyone have any further questions? Senator Cadell.

Senator CADELL: You just raised the implied cost of capital. Are any of your concessional-like loans below your implied cost of capital?

Mr Learmonth: Not very often.

Mr Powell: Not within the general portfolio, only within RTN.

Senator CADELL: Rewiring the Nation. Without knowing the individual ones, not commercial in confidence, what percentage of the funding, roughly, would be under implied cost of capital?

Mr Powell: It would be a very, very small portion, because, ultimately, we're trying to recover the cost of capital and our own operating costs, so you have to make a margin above the cost of capital to cut your costs.

Senator CADELL: Last question—I forgot this in my other ones, but you mentioned the industrial fund and reminded me. How much has been allocated or contracted, and how much is allocated in the emerging—

Mr Learmonth: In which fund?

Senator CADELL: In the industrial fund, the emerging technology fund.

Mr Learmonth: The Powering Australia Technology Fund? That's \$500 million. Probably about \$150 million.

Mr Powell: There's \$328 million remaining.

Mr Learmonth: Yes, just under \$150 million.

Mr Powell: \$172 million.

Senator CADELL: Thank you very much.

Senator Ayres: Just following on from that answer and listening to the responses to those last questions, it just does remind me that over the last couple of years we've heard all sorts of criticisms of these kinds of funds, about the National Reconstruction Fund and a range of these things. Mr Fletcher said, in 2012, about the CEFC Bill:

It is extraordinarily difficult to understand how anybody could imagine that this is going to be anything other than a spectacular financial disaster.

It sounds a lot like what Mr Fletcher has said about a range of these kinds of programs, and here we are, at a point in time where exactly the same kind of fund has funded very important infrastructure for Australians, has delivered a significant return to taxpayers and has built all sorts of industry capability that we didn't have before. It might cause some people to reflect on their hyperpartisan pessimism about Australians' capacity to do things.

CHAIR: On that note, Minister—again, congratulations, Mr Learmonth, to you and your team. It certainly is a very successful and productive organisation that you run. You're achieving great things for the future of Australia. Given that we are so close to the break time, I'm not going to call the next agency until after the break. We will break now, and we will return with the Climate Change Authority.

Proceedings suspended from 15:25 to 15:47

Climate Change Authority

CHAIR: Welcome back, everybody, and welcome to officers from the Climate Change Authority. In particular, welcome to the Hon. Matt Kean, the chair. Would you care to make an opening statement?

Mr Kean: No, we're fine to get straight into it.

CHAIR: Okay, excellent. I saw your media release this morning—I might table that so everyone's got it. Do you want to give us a bit of an outline of what you put out this morning and tell us what it was that you found about the emissions implications of waiting for nuclear by extending coal-fired power generation in the independent research that you undertook?

Mr Kean: Thank you for allowing me to appear before the committee today. There are a couple of take-outs from the body of work that the Climate Change Authority did, looking at the emissions impacts of AEMO's step-change pathway, which is effectively the pathway that the government is on, and the alternative government's proposal under the Frontier Economics modelling. The work that was done by the Climate Change Authority, by our science branch and our analytical branch, very clearly shows that Australia faces a fork in the road when it comes to emissions being emitted into the economy. The Climate Change Authority sees that the proposed pathway that Frontier Economics have talked about—let's call it a 'nuclear pathway'—would lead to an additional billion tonnes of carbon emissions going into the atmosphere from the electricity and energy sector alone.

Remember, Chair, that that's only 35 per cent of the total emissions profile of the Australian economy. You need to decarbonise the electricity and energy sector before you can start decarbonising other sectors of the economy. Under that progressive scenario that the Frontier Economics team have modelled, it would potentially lead to an additional billion tonnes of carbon emissions from other sections of the economy. So, under the progressive scenario modelled by Frontier Economics and looked at by the Climate Change Authority, it could lead to an additional two billion tonnes of carbon emissions going into the atmosphere—under the nuclear scenario that has been put forward.

The alternative scenario means that you replace your ageing and less reliable coal-fired power stations sooner, with cleaner forms of generation that also happen to be cheaper and more reliable and set you up to help decarbonise other sections of the economy. The thing about the two-billion-tonne nuclear carbon emission bomb that would be dropped on the economy as a result of the Frontier Economics pathway is that that would be consistent with the world being on a 2.6-degree warming trajectory. Australia has signed up to the Paris Agreement. That's been a bipartisan position of the coalition and the Labor government. That commits governments to doing their very best to limit global warming to 1.5 degrees—or doing their very best to keep it below 1.5 degrees. There's a lot that needs to go right to ensure that happens, but one thing that I can assure the committee is that you've got no chance of meeting that if you go down the nuclear scenario, as proposed under the Frontier Economics modelling.

CHAIR: So the implication there is that you would extend the existing coal generation that we have at the moment?

Mr Kean: Well, that's in the Frontier Economics modelling. We can only work on the data that's been put before us, and that suggests that you will extend ageing and less reliable coal-fired power stations for longer. That will see an additional billion tonnes of carbon emissions being emitted into the atmosphere, as well as increasing bills for consumers, and will take a long time to deliver into the system. There's a very clear fork in the road for Australia when it comes to emissions. Under the existing policy settings, you'll see two billion tonnes of emissions less than under the pathway proposed under the Frontier Economics modelling.

CHAIR: So you conclude by saying that staying the course, by continuing to roll out a mix of renewable generation, storage and firming at pace, is the only option.

Mr Kean: That's the technology available to us to roll out at scale today, and that's what the independent experts at AEMO advised is the best pathway to decarbonise the electricity system at lowest cost to consumers and taxpayers. We'll follow the advice of the engineers, economists and experts. Energy policy should be all about economics and engineering, not ideology, and that's the path that Australia is currently on.

What I will say is that, under the existing scenario pointed out, it gives Australia its best chance of reaching net zero by 2050. That's something that all sides of politics—the three major parties—have signed up for. As a result of the modelling undertaken by the Climate Change Authority, it would make it virtually impossible, or very close to impossible, for net zero by 2050 to be achieved under the nuclear pathway. So I wanted that to be very clear. Under the coalition's proposed pathway, put forward by Frontier Economics, it would make it almost impossible for Australia to hit net zero emissions by 2050.

CHAIR: So, in addition to the not-hitting-net-zero scenario, I'm really concerned at this 2.6-degree scenario that you're talking about here. Obviously, the Paris Agreement is about 1.5 degrees, a significant number of countries have signed up to that and it's been what we've been aiming for for some time. You're saying that this alternative pathway is 2.6 degrees. What sort of implication does that have?

Mr Kean: Well—consistent with 2.6 degrees. The implications of that are very clear. The scientists, the economists and governments around the world have told us that that would have catastrophic impacts on our environment. Modelling that we've also seen suggests that there would be a 10 per cent reduction in GDP if you were to go down that path. I'll let the CEO talk to those figures in greater detail, but there are huge implications for us in not meeting those targets. I'm not saying it's going to be easy to keep things below 1.5 degrees—in fact, it's going to be difficult. However, what we do know is that plans to slow down the rate of decarbonisation of the global economy put us on a trajectory which could have devastating impacts for the environment and also the global economy.

CHAIR: Ten per cent in the economy, that's terrible. Mr Archer, would you like to expand for us?

Mr Archer: Certainly, although I think Mr Kean has covered that pretty nicely. Clearly, the Paris agreement commitments that countries have made are to limit global warming to below two degrees and keep it as close as possible to 1.5 degrees. I think the Climate Change Authority has been on the record for many years now saying that it's in Australia's interests to be acting as a leader in responding to climate change. In fact, it would be in Australia's interests to do so not just for global environmental outcomes but also for economic outcomes as, globally, there is a transition to a net zero economy. I think that's been a consistent message from the Climate Change Authority. Examining the Frontier modelling report, we felt it was important to further examine the emissions implications of that. There was some information in that report but not a lot, hence the report that we've prepared and released.

CHAIR: And the motivation for doing this report?

Mr Kean: Can I take that?

CHAIR: Yes, most certainly.

Mr Kean: The Climate Change Authority, under its remit, is responsible for providing frank and fearless advice on policies that impact on climate change. Clearly, this is a policy that will have a big impact on our ability to meet our climate commitments and limit the amount of carbon going into the atmosphere. Just as it has been past practice of the Climate Change Authority to comment on policies by the government and also the alternative government, so too will we consider policies at this stage that could have an impact on our ability to meet our legislated commitments. We are here to act in the national interest. We are here to act for the environment and for the taking of action on climate change, without fear or favour. That's exactly what we've done here. We've provided frank and fearless advice about the impacts of the major policy position of the alternative government.

CHAIR: Thank you.

Senator Ayres: I should point out that this is something that the Climate Change Authority has, as Mr Kean has said, determined to do within the scope of its independent charter. The response of the alternative government to that came 10 minutes ago when Senator Hume was on the ABC saying they would sack Mr Kean if they assumed government. They're so sensitive to independent criticism of their costly, dodgy, risky nuclear plan—catastrophic for Australian industry, catastrophic for households, with all of the problems of imposing nuclear reactors on communities where no geotechnical work has been done, like in Muswellbrook. We've seen two earthquakes over the course of the last 12 months. The response of this outfit, the alternative government, to independent criticism is to bully people. That's the alternative—bully people and sack people they don't like. That is un-Australian, and it shows a complete lack of respect for independent organisations.

CHAIR: Minister, you say that Senator Hume stood up 10 minutes ago and said that due to this report, if she were in charge, she would sack Mr Kean. On what basis?

Senator Ayres: I was in the interview with her. She said, 'I would see it hard to move forward with him after CCA has become so politicised.' When asked in an interview that is forthcoming on the ABC, I should say—due in a few minutes—that was the response of the alternative party of government. They don't like criticism; they are very sensitive to it. Mr Morrison and Mr Dutton were very sensitive to it in government. They don't like independent criticism. Rather than having an intelligent debate, they want to thump people they oppose.

CHAIR: That's alarming. Senator Cadell.

Senator CADELL: I note this is coming from the person that's already called people boneheads and sleazy today, but I'll move on. Earlier today, we had a conversation about the timing of the 2035—

Senator Ayres: It wasn't the same people. They were separate comments.

Senator CADELL: No, it was you.

CHAIR: Order!

Senator Ayres: I accept that I said that. I'm just saying it was not 'sleazy boneheads'. It was a separate set of arguments.

Senator CADELL: Different people—much better!

Senator Ayres: I don't want to be misrepresented!

Senator DUNIAM: This is the current government, everyone.

Senator CADELL: There were comments around the website originally saying 25 February for the 2035 target but that now changing to later in 2025. The advice was they're waiting on advice or recommendations from you and your committee.

Mr Kean: That's right.

Senator CADELL: What is the process of getting that to government? I assume from an article that it's about the USA and Trump and their policies. Can you go through your thought processes on that.

Mr Kean: I don't need to tell you that the world's changed dramatically when it comes to climate policy and a whole range of other areas of public policy since the election of Donald Trump. Just ask Volodymyr Zelenskyy about how much the world has changed. When it comes to climate policy, Donald Trump has talked about removing the Inflation Reduction Act, for example. I think he has formally submitted his intention to withdraw from the Paris Agreement. He's talked about trade tariffs. All of these things will have an impact on the technologies that Australia's relying on to decarbonise its economy.

So it's fit and proper that the body charged with providing independent, fact based advice to the people of Australia and to the parliament of Australia does the work necessary to understand the implications of those dramatic policy changes and the changes in the geopolitical environment. We're doing that work at the moment. We're doing that thorough analysis to understand what the impacts of Donald Trump's election are, what the responses are from other jurisdictions and how it will impact Australia. When I stand up and give advice to you and to the government of the day, I need to make sure that it's in the national interest. That's why we're doing the necessary work to ensure that is the case.

Can I also draw your attention to the fact that Australia is not alone in taking this course of action when looking at its 2035 NDC. A total of 179 out of 190 countries that have signed up to the Paris Agreement have also decided to delay when they announce their commitments. I went to COP. I met with over 20 of those delegations to understand what their thinking was. It was the week after Donald Trump was elected. They all told me the same thing: 'The playing field has moved. We need to consider things that are in the national interest when it comes to our emissions reduction pathways.' That's what the Climate Change Authority has been charged with responsibility to do. That's exactly what we'll do.

Senator CADELL: Do you have a ballpark idea of how long you'll need to assess all of those, given there's a new executive order or something every day? Things can change day by day. Do you have an estimate of when you might be confident to say—we heard September is a deadline. That's what we heard today.

Mr Kean: It is dynamic. We're currently doing the work that's required. Looking at the policies, as you said, it's hard to keep up with changes in executive orders just from Trump, let alone the responses from other jurisdictions. We've already seen China making statements around things that will impact their supply chains. We need to understand that. We're deeply engaged in this process and we've committed a lot of resources within the authority to make sure that we do that work so that we can stand it up and give you, the senators and the people of

Australia, confidence that, when we put forward a number, it's not only in our environment's interests but in our economy's interests.

Senator CADELL: Have you or Mr Archer given a desired time that you'd like to have a response by?

Mr Kean: As soon as possible.

Senator DUNIAM: What does that mean?

Mr Kean: It means as soon as possible.

Senator DUNIAM: Do you have a projected timeframe?

Mr Kean: It means when the work is done.

Senator DUNIAM: How long do you think it will take?

Mr Kean: As soon as possible. We are doing the work. Things are evolving—

Senator DUNIAM: So giving the people of Australia confidence is just an open-ended 'as soon as possible'?

Mr Kean: We're doing a comprehensive body of work looking at the changing policy and political environment. Once that work is done, we'll then consider it in light of the modelling that we're working with the CSIRO on, and then we'll provide advice that I can say is in the national interest. That's what you'd expect me to do, I would hope.

Senator CADELL: A different way of saying it is: Are we 50 per cent through the work? Are we 20 per cent through the modelling you think you'd expect to do?

Mr Kean: I wouldn't want to speculate. What I want to do is make sure that we're doing the work necessary. Things are moving pretty quickly. Trump is putting out executive orders on a daily basis that are impacting our pathways to reduce our emissions. Again, we want to make sure the work we do is robust and that we can stand it up and say that it's in the national interest.

Senator DUNIAM: Can I have a bit of an understanding of how the executive orders that are coming out of the United States—at a frenetic pace, I would agree—are impacting on the inputs to your analysis?

Mr Kean: Take 45Q, for example, which is a tax credit with regard to carbon sequestration. I would have thought members of the National Party would be very interested in that tax credit. If that's abolished, then a number of the pathways to do carbon capture—the technologies that benefit from that, which can be scaled, that Australia could potentially benefit from—may not be available in the timeframe we were previously considering.

Senator DUNIAM: Has that been abolished?

Mr Kean: There is current discussion about a number of the provisions of the Inflation Reduction Act that could impact on Australia's pathways to reduce our emissions. That's one such example where there are question marks around what the policy frameworks are going to be, but we can go into other sections. President Trump has talked about the impact of wind. Whether or not the supply chains for wind technologies will change as a result of the decisions they're taking is something we need to consider. Will it speed up our ability to roll out new technologies or slow it down? We need to do this work. Things are fluid at the moment. We're currently considering that as we do our analysis.

Senator DUNIAM: On this 45Q tax credit, which is apparently of interest to the Nationals, how do you deal with that if it hasn't yet been abolished? There are ongoing conversations, and they could be going for six or 12 months—who knows? I don't have an insight into what they're doing there. How do you factor that into your thinking if it is just a live question with no action taken?

Mr Kean: We need to take reasonable guesses on some of these policies.

Senator DUNIAM: Guesses.

Mr Kean: Let me clarify that statement. We need to consider reasonable assumptions. The assumption on 45Q, for example, is that it has red state and blue state support, so it's more likely to stay, whereas wind technology we know may have some question marks over it. It's appropriate we do that analysis; we're considering all the factors that could impact Australia's emissions reduction pathways so we can have a robust number to give to you. I would've thought as shadow environment minister you'd be very interested in the pathways Australia could take to speed up its reduction of emissions.

Senator DUNIAM: Speeding up emissions reduction pathways and all sorts of things require timely efforts on many of these things. Do the inputs to your analyses apply to all of the work you do or just the 2035 targets?

Mr Kean: Could you repeat the question please?

Senator DUNIAM: You've been talking about the considerations arising out of what the President of the United States is doing, for example, and that's having an impact on your capacity to deliver on a commitment that was made around the 2035 targets being announced. Does this set of uncertainties or considerations have an impact on all of the work you are doing—all of the analyses, all of the reports this authority is producing—or just the 2035 targets?

Mr Kean: We were specifically talking around the work of the NDC; I didn't realise you were broadening out.

Senator DUNIAM: This is a specific question; I'm entitled to broaden it out.

Mr Kean: I'll speak specifically to the work we're doing on the NDC. It's a changing political and geopolitical environment. We will consider that as we do the important work of advising the government of the day on what's in our national interest when it comes to reducing our emissions. I hope you'd expect that.

Senator DUNIAM: I expect a lot from this organisation, definitely, and we'll keep going with these questions. The report you were talking about before with Senator Grogan you weren't able to finalise. Were any of the considerations you've outlined with regard to the 2035 targets and the impacts arising out of the United States, which have delayed finalisation of your work there, been in any way factored into what you've been able to finalise with this comparison of policies?

Mr Kean: I'm glad you asked. The geopolitical environment we're operating in to set an NDC is not something that just impacts Australia; that's affecting all countries that have signed up to the Paris agreements. As I said, 179 out of 195 countries are taking more time to consider the impacts of that, because things are changing very fast. What's not changing fast is the emissions impact of nuclear in the context of the Australian energy transition. Those figures can be well considered and well modelled, which is exactly what we've done. We've modelled the impacts of an emissions pathway in slowing down the step change scenario as proposed by AEMO, and we've seen an extra two billion tonnes of carbon emissions will be put into the atmosphere as a result of the pathway you're pursuing. As the shadow environment minister I would've thought you'd be across that. I would've thought you'd have modelled it. Please tell me that in shadow cabinet you speak up and ask for an understanding of what the emissions impacts would be of various policies before you allow them through the cabinet.

Senator DUNIAM: After you referenced the 45Q tax credit, you talked about changes to the availability of wind tech and that that therefore will have an impact on capacity to set 2035 targets.

Mr Kean: I was giving generic examples.

Senator DUNIAM: Yes, I know, but surely that is an input into comparing two energy policies. You've just talked about availability of the generation technology for one of those pathways therefore being a problem when it comes to setting a 2035 target but not in any other form of analysis.

Mr Kean: I think we've been very conservative in our analysis actually. If Donald Trump puts tariffs on wind supply chain technology, that could mean it's more available for places like Australia, speeding up our ability to deploy these at scale. If anything, the Climate Change Authority has been conservative in its analysis, and the emissions profile comparison with the step-change scenario that's set out, compared to Frontier Economics, is probably undercooked, to be honest.

CHAIR: We'll rotate the call and come back to you. Senator Van. No? Senator Bilyk.

Senator BILYK: Mr Kean, you mentioned earlier that Australia faces a fork in the road and we need to be clear about the choices in front of us. Are you able to tell me, based on your emissions outcomes, assuming that nuclear can come online within about 10 years, consistent with the Frontier modelling, how much worse would the emissions outcomes be if nuclear were delayed in construction as it has been in every other recent build?

Mr Kean: We haven't modelled that. We've just modelled the inputs that have been used by Frontier Economics in their modelling. There is no developed country anywhere in the world that has been able to deliver large-scale nuclear on time or on budget. So the idea that you would be able to deliver seven large-scale nuclear reactors in the timeline set out in Frontier is ambitious at best. The point is that the emissions profile that we've set out in our report today shows a potential extra two billion tonnes of emissions going into the Australian economy. Let me be very clear, this would result in a two billion tonne nuclear carbon emission bomb being dropped into the Australian atmosphere. We think that is conservative based on the reality and the lived experience of delivering nuclear right around the world at the moment. We've put all the details in the report. We're here to give frank and fearless advice and provide independent expert advice about what's in the environment's interests. That's exactly what we've done here, and it's up to you now to determine what to do with that information.

Senator BILYK: You look at the national implications of emissions, correct?

Mr Kean: Absolutely.

Senator BILYK: What impact would the nuclear policy have on the New South Wales, Victoria and Queensland legislated emissions reduction targets? Would it make those targets unachievable?

Mr Kean: I can't speak for the states, and we haven't modelled that work. What we have modelled is the impacts on Australia's legislated targets—so the 43 per cent emissions reduction target by 2030—and it shows that we will miss that target by five per cent by 2030. It will also see us not even hit the 43 per cent emissions reduction target by 2035 under the nuclear scenario. It will have implications, but I can't speak to the implications for the targets on the state based scheme. I don't know if Brad can illuminate and shed any light on that.

Mr Archer: No.

Senator BILYK: Thanks.

CHAIR: I have just one other question on the notion of holding on regarding the NDC until you see what the lie of the land looks like with so much fluidity in the world. Going to Senator Duniam's questions, do you anticipate getting a better sense of the lie of the land in the shorter term? I don't imagine you'd wait four years of their administration to determine what the NDC would be. What's that process of weighing up how things are going before you go, 'Okay, we have a level of confidence about what the directions might be here,' or at least a sufficient level of confidence to then be confident to set an NDC?

Mr Kean: This is a comprehensive body of work. There are a lot of conversations to be had. There is a lot of analytical work to be done. We are working closely with the CSIRO and our modelling teams. But we're not going to rush this work. We need to make sure that we get it right, because it has huge implications. And we want to make sure that, when we put forward the recommendations, we're not only meeting our commitments under law but we're also setting our economy up for a stronger and more prosperous future. That's what I'm focused on. So we'll do the work necessary to ensure that, when I stand up and we give the recommendation to the government, it meets those objectives. It's in our national interest. That's what I'm focused on, and we'll get the body of work done to ensure that that's the case.

CHAIR: Thank you. Senator Cadell.

Senator CADELL: Looking at the analysis and going to New South Wales, where Eraring has been extended in life as a coal-fired power station under the current ISP and plan working there, is there no likelihood or possibility—you see no likelihood—that coal stations would have to be extended, at the current rate of build?

Mr Kean: Can you repeat that question.

Senator CADELL: Under the current plan, under the current ISP, you see no likelihood or possibility that other coal stations will have to be included as we're going along, as business as usual?

Mr Kean: I think it's important to remember that, just because you extend these coal-fired power stations, it doesn't make them more reliable. I've been the energy minister—

Senator CADELL: That is not the question.

Mr Kean: I know; I'm getting to your question. I've been the energy minister in New South Wales. I've seen the engineering reports around the ability to extend the life of these coal-fired power stations. You talk about the Eraring coal-fired power station. There's actually a physical constraint in extending that any longer than its scheduled timeline, and that's the ash dam that's associated with it. The ash dam has a finite life, and it would cost billions and billions and billions of dollars to extend that ash dam.

Senator CADELL: Actually, that's not the case anymore. I was at Eraring probably about two months ago. They're now putting it on the books as an asset because they've found a buyer for the stuff, and they've rebuilt the whole ash dam; they've worked on it. It's actually no longer got that constraint.

Mr Kean: With regard to my time as the energy minister—

Senator CADELL: Yes, I understand. It's changed.

Mr Kean: there was a physical restraint in place around the ash dam.

Senator CADELL: They closed Myuna Bay because it wasn't up to standard. They've rebuilt it; it now no longer has that concern.

Mr Kean: But there is a physical, or a rate, limiter in a lot of these assets, whether it be the ash dam or the ability of that kit to continue to work when you need it. That's not an ideological thing; that's just an engineering reality. These things were built in the seventies and eighties. They're coming to end of life and they need huge capital upgrades to be able to operate. Could some of them be extended? Potentially—absolutely. But then you've got to also consider the economic realities of running these things, and they're losing cash during times in the day—

Senator CADELL: That's not my point; none of this is my point. I accept the economic realities. I accept the limitations. Your costing on the extra emissions under a nuclear plan sees that any extension of coal has extra emissions going out. Are you saying that there is no risk of that, no possibility of that, under the government's plan?

Mr Kean: No, what I'm saying is that the assumptions that we've put in our modelling are the ones used by Frontier Economics. That's what we've based it on.

Senator CADELL: Okay, but some of those—given that, when you were energy minister, we weren't extending anything, and now we're extending Eraring, or the state has stepped in since the government has changed—

Mr Kean: When I was energy minister, we weren't in control of the assets—

Senator CADELL: Yes, you did work through that. But there is no guarantee that coal won't have to be extended anyway, even under the plan we're currently on, is there?

Mr Kean: Can you repeat your question.

Senator CADELL: Under the plan that the government is on, in its scenario, there is no guarantee that coal plants won't have to be extended anyway.

Mr Kean: We can only model the scenarios in front of us—

Senator CADELL: But you can't give a guarantee, can you?

Mr Kean: and the scenarios that we've got are the Frontier Economics scenario versus the ISP step-change scenario.

Senator CADELL: You cannot give a guarantee that no coal goes longer. Just say yes or no.

Senator Ayres: Senator Cadell, there's a bit of a blizzard of different contentions here. So that we can sort this a little bit—first of all, you said that you accept the economic realities. It's about time.

Senator CADELL: It costs money to keep coal open.

Senator Ayres: It costs a very significant amount of money. Your plan—Mr Dutton and Mr O'Brien and Mr Taylor's plan—requires these coal assets to continue to be extended in full, not only with the two billion tonnes of additional emissions but all of the additional cost into the system, making our industry less competitive. In relation to the government's plan, which we were elected to deliver, you say that there is evidence of at least one jurisdiction extending the life of a coal—I mean, from the government's perspective, we want to see as little of that as possible because it puts additional cost into the system. That is why we are so focused on delivering an outcome that has renewables plus storage plus gas, to deliver the lowest-cost, most-reliable system possible. Does that mean that there might be some incremental—these are decisions that states will have to make, but it's not our intention. Your plan requires all of the coal assets—I think Mr Littleproud said 'to sweat the assets', which is something you could only say if you'd never been in one. There has not been a single day over the last couple of years where one of these assets hasn't had an unplanned outage, which puts additional cost in there for households and puts additional cost in there for business, making business less competitive. We are focused on building an electricity system that is an electricity system for the future. I think comparing the assumptions that sit underneath the plan that the government is working with the states and the private sector to deliver with your \$600 billion nuclear plan is comparing apples with antelopes.

Senator CADELL: Minister Ayres, you've decided to get involved in this conversation, so let's go there. Your plan said it was going to be \$275 cheaper for householders. Today, we've had evidence that it's \$650 more expensive for householders on average since you came in. Your plan said we were going to get to 82 per cent, and we're hearing evidence that we will struggle to get to 82 per cent in that timeframe. So, if you can give me a guarantee that not a single coal asset will be extended beyond its current rate of day, there's nothing to talk about. Give me that guarantee, and we'll move on. Can you give me a guarantee that no coal asset will be extended past its close date as it stands? We've got our plan—

Senator Ayres: It is time that the Liberals and Nationals acted like adults in this debate.

Senator CADELL: That's fine. Don't give a guarantee. It's not a problem. We put on paper our—

Senator Ayres: Act like adults. If the policy that you develop is the kind of policy that you have developed, you are going to be subjected to some scrutiny. I know you don't like it, but there is going to be some scrutiny.

Senator CADELL: I accept the scrutiny. We've put the policy on—

Senator Ayres: No, you've tried to silence it over the course of this. Your finance spokesperson says she's going to sack the people she disagrees with.

Senator CADELL: Sorry for talking while you were interrupting! I apologise again, Chair. Sorry for continuing with my question.

CHAIR: You're forgiven.

Senator CADELL: But here is the point: you say it yourself, that Frontier Economics have it in black and white. We admit that coal is going to have to stay longer. I accept that. Minister Ayres, this is your chance. Are you saying coal will get shut down at the times they've said? You be black and white. You be open. This is your chance to put it in writing—

Mr Kean: Would you be black and white to say that coal won't come out sooner than you anticipate—

Senator CADELL: Your modelling is against that.

Senator DUNIAM: You don't get to ask questions of opposition senators.

Mr Kean: I'm sorry.

Senator DUNIAM: We ask questions of you.

Mr Kean: I thought we were engaging in a robust debate. I thought we were having a conversation.

Senator CADELL: If you want to be open, say it now. Here's your chance for your plan.

Senator Ayres: We are a pragmatic, commonsense government engaging the cheapest possible technologies in a systematic way to deliver a low-cost reliable electricity system.

Senator CADELL: For those reading at home, that was not a guarantee.

Senator Ayres: The 'rule in, rule out' nonsense is juvenile.

Senator CADELL: Okay. Well, it's simple. We're being honest; you can't give an answer.

Senator Ayres: Today, just today—what are we on? It is 24 February—there is 1.5 gigawatts of unplanned coal outages now, making electricity more expensive because of your failure over a decade to do the work that was required to invest in the new energy system. Your failure has delivered that outcome, and having you in here talking about transparency—it is about time you put your shoulder behind the wheel and actually contributed to the national effort here. Ten years of policy failure has made it tougher for ordinary Australians. At least what you can say about this government is that we're pushing in the right direction, delivering the lowest cost technology in a planned and systematic and commonsense way, and it's about time the Liberals and Nationals started acting in the national interest.

Senator CADELL: If I wanted your talking points, I would read them when they get emailed to me at eight o'clock. I don't need to listen to them anymore. I'll leave some more questions. I'm happy to rotate if someone else has got questions.

CHAIR: Do you have further questions?

Senator CADELL: I'll ask a follow up. I don't know that I trust Minister Ayres enough to say that that interview happened; I'm not going to say that it's wrong. If, from an emissions point, we are talking about \$2 billion more under this plan and nuclear isn't your thing, would you be comfortable working for a government that has nuclear as a thing—if it wins—or would you think that potentially you wouldn't want to be there?

Mr Kean: I'm surprised at the arrogance of people measuring up the curtains in the Lodge at the moment and counting their chickens. I think the Australian people would be very concerned—

Senator CADELL: No-one is. I'm saying, if that was true—

CHAIR: Thank you.

Senator Ayres: I do not think an official, even if the tone is pushing them around, can answer a hypothetical question.

CHAIR: I don't think that's a fair question, Senator Cadell.

Mr Kean: Maybe I can respond and say that, as for my position, I'll continue to serve the best interests of the people of Australia and advocate for targets that protect the environment and grow our economy. That's not going to change, regardless of who's in government. These are positions that I've consistently taken in a coalition government, whereas the deputy leader of that coalition government in New South Wales—which not only had the most rational economic policies it also had some of the leading environmental policies supported in by the National Party.

Senator CADELL: The deputy leader of the Liberals, not the government.

Mr Kean: That's right.

Senator CADELL: Correct the record!

CHAIR: All done? Mr Kean, Mr Archer and Ms Murray, thank you so much for your time.

Mr Kean: Thank you, senators.

CHAIR: We appreciate you coming to play with us today and we wish you well in finalising the work around the NDC.

Snowy Hydro Ltd

[16:26]

CHAIR: Good afternoon and welcome, Mr Barnes, lovely to see you. Would you care to make an opening statement?

Mr Barnes: I do have a very brief one, thank you. Firstly, I'd like to pay my respects to the Ngunnawal people, whose land we're meeting on today, and pay my respects to their elders.

In the past three months, we've had good momentum in important areas, but it's fair to say we've had a couple of challenges. I'll start with the Hunter Power Project, which has experienced more than 200 days of productivity loss due to weather and some other factors. One year after we reset that project, it was apparent that these weather impacts could not be absorbed into the schedule and, in August last year, we released the project update that made it clear there would be a schedule and cost impact. The new target cost is \$1.3 billion, with full commercial operation of 30 June this year. Pleasingly, commissioning is well underway.

Moving to Snowy 2, there has been good progress on Snowy 2 despite the recent underground stopwork on some of our activity. Florence was only stopped for four days and has been making good progress achieving the production rates required for a December 2028 project completion. Actually, during the stoppage, we were able to move large amounts of spoil around the site, which has actually increased our productivity now that all work fronts are working again.

We received approval for a fourth tunnel boring machine, which we are introducing in order to protect the project's timeline by derisking a geologically challenging area of tunnelling. Work to prepare for that TBM's launch began in earnest late last year and is ahead of schedule. Our goal is for TBM 4 to be tunnelling by the end of the year.

Snowy 2 is one of the largest and most complex engineering projects underway in the world, and challenges will continue to arise. Our focus is to continue to be vigilant and work with our contractors with the safety of our people first and foremost.

Just to close, our existing business continues to perform well, bringing competition to the retail market as we continue to win customers with great products and services and our generation business reliably supporting the national electricity market. I welcome your questions.

CHAIR: Thank you, Mr Barnes. Senator Davey.

Senator DAVEY: When you say that Florence had only stopped for four days, is that this year, this quarter or—

Mr Barnes: If we go back a few years, obviously we've had more than four days. But the cessation of work that we announced towards the end of January for some worker safety concerns only resulted in a four-day stoppage. But Florence has to stop for maintenance and various other factors.

Senator DAVEY: But you managed to utilise those four days very constructively by moving kit around. You've got TBM 4. Does it have a name? It feels a bit anonymous calling it TBM 4, compared to Florence.

Mr Barnes: Not yet.

Senator DAVEY: Can I pick the name?

Mr Barnes: We're engaging with our communities.

Senator DAVEY: Okay. You'll let us know. That will be operational by the end of the year. Does that increase the overall project costs?

Mr Barnes: When we reset the project, we knew we would have a degree of variability and challenges ahead and we included TBM 4 as a potential.

Senator DAVEY: What are the total project costs now?

Mr Barnes: It's \$12 billion.

Senator DAVEY: Compared to the original estimates of around \$2 billion.

Mr Barnes: The project that was approved in 2019 was \$6 billion.

Senator DAVEY: That's a significant blowout.

Senator Ayres: But when Mr Turnbull and Mr Joyce announced it—

Senator DAVEY: I accept that, Minister Ayres. I do accept that.

Senator Ayres: it was just north of \$2 billion. These kinds of projects—this one's a very complicated project. It requires a high level of sophistication to build this tunnel and the associated works. It is, of course, nowhere near as complex as the business of building a nuclear reactor in a country community in a country that has never built one before. This has blown out by six times.

Senator DAVEY: I am not talking about the nuclear policy.

Senator Ayres: I know the Nationals don't want to talk about nuclear anymore.

Senator DAVEY: Point of order: I was asking the department officials about their business.

Senator Ayres: I just make the point that these kinds of sophisticated projects blow out all of the time.

CHAIR: Senator Ayres, thank you.

Senator DAVEY: I was focusing on this core business.

CHAIR: Senator Davey, thank you.

Senator Ayres: She's bringing me to order; don't interrupt her.

CHAIR: Come on, people. Let's just stay a little calm. Let's take it in turns.

Senator DAVEY: I know my colleagues have other questions about energy generation, but I want to come back to water. Part of the passage of the Water Amendment (Restoring Our Rivers) Bill, which we have discussed at past estimates—I'm trying to focus on what you can answer and not what the department will answer on Friday—was a review of the Snowy Water Inquiry Outcomes Implementation Deed, which I understand has now commenced. Are you involved in that review?

Mr Barnes: We are subject to the regulation. We are given an opportunity to work with the relevant state agencies to provide information. So, yes, we are involved, but we don't have a decision-making right in that process.

Senator DAVEY: So you're part of the consultation group that is looking at all of the parameters of that deed. Is there an expected finalisation date for the review that you're aware of?

Mr Whitby: No.

Mr Barnes: No. I think the normal answer is that, on Friday, the water department will be able to answer that. We get consulted on the specifics of the operation of the scheme and what trade-offs there may be with regard to renewable energy, but there is obviously a broader process of engagement around the review.

Senator DAVEY: Is that review being undertaken at the same time—is the Snowy Water Licence still under review by New South Wales?

Mr Whitby: Not currently. There's a legislated requirement; that's reviewed every five years.

Senator DAVEY: Is there a possibility that the outcomes of the deed review may have implications for the Snowy Water Licence?

Mr Whitby: I think that's probably self-evident.

Senator DAVEY: Because the deed will establish environmental flows?

Mr Whitby: The SWOID sets up—

Senator DAVEY: It's a terrible acronym.

Mr Whitby: It is. It sets up the framework for the water licence, so, to the extent that that's changed, by implication the water licence may change.

Senator DAVEY: And that has implications for a lot of your operations, including required annual release, above-target water and drought reserves. All of those things could be impacted by changes under the deed?

Mr Whitby: Potentially, yes.

Senator DAVEY: Are you aware—and I'll ask the department on Friday—of whether communities and downstream stakeholders are being consulted as part of the deed review?

Mr Whitby: I think that's a question for the department.

Senator DAVEY: I'll ask the department. Finally from me before I hand over the call—because your multifaceted business is of interest to everyone—how are the water storages looking at the moment, and are we going into a drying phase?

Mr Whitby: Well, we certainly are in a drier sequence. That's been going on for approximately 24 months. Our storages are a bit below average. I wouldn't say they're terribly concerning at this point in time, but of course it depends on what comes from here, which will determine the trajectory from here on.

Senator DAVEY: You're expecting to meet all your RAR obligations?

Mr Whitby: Certainly we're on target to meet what we're required to do this water year. Absolutely.

Senator Ayres: I'll just say that these water security issues are, of course, front of mind for the government. It's, I suppose, another reason that when it comes to nuclear reactors, which use three times as much water as a coal-fired power station—

Senator DAVEY: Here's the government who wants to export our water overseas in the form of hydrogen. You want to split our water molecules into hydrogen, put it in a boat and send it overseas.

CHAIR: I wonder if you two can take turns to shout at each other.

Senator DAVEY: You want to withdraw water from the driest continent on earth—

CHAIR: Senator Davey, enough. Take turns.

Senator DAVEY: Well, he keeps interrupting me and trying to make—

CHAIR: And you're interrupting him just as much.

Senator Ayres: I certainly didn't interrupt. I waited until you'd concluded your question.

Senator DAVEY: To make comments about—

CHAIR: Oh, come on.

Senator Ayres: Well, water security, I would have thought, would be of some interest to the National Party. In an area like Muswellbrook, for example, on the edge of the Liverpool Plains, the idea that you would station a nuclear reactor there that would use three times as much water as the existing coal-fired power facilities—

Senator DAVEY: The same amount of water as the existing coal-fired power plants.

Senator Ayres: Three times as much. The Australian National University study says three times as much.

Senator DAVEY: Well, I have an interview with a nuclear engineer on my Facebook page if you want to check it, and she says—

Senator Ayres: I thought we weren't interrupting each other.

Senator DAVEY: that it uses the same amount of water. Modern nuclear power plants use very similar amounts of water to coal-fired power plants.

Senator Ayres: Well, there you go.

CHAIR: If it's on your Facebook, it must be true, Senator Davey.

Senator Ayres: We're all doing our own research now.

Senator DAVEY: Plugs for my Facebook, anyone?

Senator Ayres: If you're so hostile—

CHAIR: Enough.

Senator Ayres: to hydrogen and Australian manufacturing, that's okay, I guess, but it is simply the case that nuclear reactors use a lot more water—three times as much water as coal-fired power stations—and we are just as concerned about water security in this context as we are in that one.

Senator DAVEY: So much so that you are buying all of the water out of the Murray-Darling Basin, with a new announcement today saying you want another 100 gigalitres of water away from productive use, away from towns and communities, and you're sitting there lecturing me about water security.

Senator Ayres: We're looking forward to those questions on Friday.

CHAIR: Is there a question in there, Senator Davey?

Senator DAVEY: No, that was a statement. Thank you very much.

CHAIR: Okay, thank you. We might just rotate the call. Who else would like to have a go? Senator Cadell.

Senator CADELL: You mentioned Kurri Kurri. What was that number for the final costs or the costs so far?

Mr Barnes: It was \$1.3 billion.

Senator CADELL: Okay. We will come back to that. What is the status now? Originally, it was going to be first power in December—he says without certainty—and commercial sometime soon.

Mr Barnes: The current status is that we started commissioning in December. We expect unit 1 to be exporting to the grid in April and unit 2 in June, with all of the balance of plant tied in a bow by the end of June.

Senator CADELL: Okay. What is still to be constructed? The gas bunkering's fine but the gas pipeline isn't there—is that right?

Mr Barnes: The pipeline is constructed, but there's a compressor station, heater baths and associated works.

Senator CADELL: So it's just some gas infrastructure?

Mr Barnes: Some gas infrastructure. The tests on the turbine are actually the biggest piece of work now. The balance of plant—water systems, fuel deliverer—is all very well progressed.

Senator CADELL: We got the extension of time? It's currently running on diesel?

Mr Barnes: It's not running at the moment, because it's not fired, but we actually withdrew the application we made for an extension of running hours on diesel because, as we got closer to understanding the timetable, we realised we wouldn't need that many hours.

Senator CADELL: So we've gone back to the original. I think you were at 1,200 or something.

Mr Barnes: The original approval is for—and we can give the specific numbers—around 1,200 hours of running in total, on gas and diesel, of which 10 per cent, a little over a hundred hours, can be on diesel.

Senator CADELL: Okay. Here's my favourite nasty question: hydrogen co-burn. There have been different specs of the generators over time, where 15 per cent might have been as they were, or we're upping that—where are we at with hydrogen co-burn now?

Mr Barnes: We've completed the study with the original equipment manufacturer, Mitsubishi Heavy Industries, and they have confirmed that 30 per cent hydrogen coal firing is possible. We've provided that advice to the department, and it's with them.

Senator CADELL: Possible as it stands or possible with modifications?

Mr Barnes: With modification. I think in last estimates you pushed me hard enough to tell you it was about \$75 million—

Senator CADELL: \$75 million?

Mr Barnes: Yes—of modifications.

Senator CADELL: From memory, didn't Mr Albanese announce in 2022 that there was \$700 million to allow—

Mr Barnes: We're only talking about the modification to the power plant. I don't know what was in the announcement in 2022.

Senator CADELL: So you'll have to do different storage in different infrastructure onsite?

Mr Barnes: It's primarily around how you move hydrogen through the plant—changing pipes, valves, measurements and—

Senator CADELL: Do we have an estimate or business case on what that cost would be?

Mr Barnes: It's \$75 million.

Senator CADELL: That's for the plant. What about for the additional works?

Mr Barnes: There are no additional works. That's the response that we—

Senator CADELL: Okay, so it's \$75 million, so we get to pocket \$625 million back to the taxpayer?

Mr Barnes: The \$75 million is in an advice provided to the department, and they're considering what to do with it.

Senator CADELL: Okey-dokey. Yes, it was 2022. I'm reading what I wrote here: '\$700 million in funding to transition the plant to green hydrogen'. So none of that's been allocated? You don't need that \$75 million now?

Mr Barnes: For the plant.

Senator CADELL: Done. It's an interesting descriptor, after I say that every time. What isn't included?

Mr Barnes: The production, shipping and storage of hydrogen is not included.

Senator CADELL: And we still haven't found anyone to sell it to us?

Mr Barnes: We're responsible for the plant, and that's the advice we've provided.

Senator CADELL: But you've got to buy it to burn it in the plant. Have we found anyone to sell us green hydrogen?

Mr Barnes: My team are not currently assessing that.

Senator CADELL: Okay; I'll accept that. We'll get there. It's interesting, because on the reset you've beaten me. When the plant was originally \$600 million and went up to \$950 million, I put to you that I was hearing numbers up to \$1.4 billion or \$1.5 billion, and you said it was nowhere near that. I just worked out you'll have beaten me by \$25 million if it comes in at \$1.3 million plus \$75 million. That's near that, though, isn't it?

Mr Barnes: At the time you were asking me those questions, the impact of the weather and other factors hadn't become evident at that point, so there was no reason to believe it would go over the revised target cost.

Senator CADELL: Seriously, on the hydrogen side of things—and I take Senator Ayres's and Senator Davey's things about water security—if we were to produce the amount of hydrogen required for things on a 10-to-one ratio it's 270 giga litres from Australia to produce hydrogen, no matter what colour. How serious are the hydrogen plants here? There are groups starting up and dropping down every day on their things. Is it something we are actively working on for the next step to make this 30 per cent ready, or is it something that we're just going to get going first and consider down the track?

Mr Barnes: We're not currently assessing the supply chain for hydrogen. We've done the assessment of the technical feasibility at site, and that's with the department.

Senator CADELL: That's where it's sitting: it can be done if we do A, B and C, but let's not go down that path?

Mr Barnes: Yes.

Senator CADELL: Okay. Thank you very much.

CHAIR: Excellent. Mr Barnes, thank you very much for your time. We appreciate your coming along.

Mr Barnes: It's a pleasure.

CHAIR: Good luck in your endeavours.

Mr Barnes: Thank you.

Australian Energy Regulator

[16:44]

CHAIR: I now call officers from the Australian Energy Regulator to come to the table. Welcome, Ms Savage, Chair of the Australian Energy Regulator. Would you care to make an opening statement?

Ms Savage: I think we're only listed for 15 minutes, so we won't take your time with that.

CHAIR: I wouldn't pay any attention to the agenda.

Senator CADELL: We were running two hours late this morning. It's only 45 minutes now, so it's fine!

CHAIR: You wouldn't believe the amount of time we spend talking about the schedule and committing to it and then paying absolutely no attention to it when we get there.

Ms Savage: We thought we would not take up your time with an opening statement on that basis.

CHAIR: We have time if you would like to make a few comments.

Ms Savage: No that's fine. Thank you.

CHAIR: Okay. We'll go directly to Senator Blyth.

Senator BLYTH: Thank you for coming in today. I'm from South Australia. Given the recent events that have happened in Whyalla with the steelworks there, the state government has walked back its plans for the hydrogen plant that was due to go in. Did AEMO include, in its energy projections, the hydrogen plant coming online in South Australia?

Ms Savage: The Australian Energy Market Operator is responsible for those projections. We're the Australian Energy Regulator. I'm not quite sure that I know the answer to that question. That might be one that you'll need to address to the Australian Energy Market Operator.

Senator BLYTH: Okay.

Senator CADELL: They were on earlier.

Senator BLYTH: They were?

Senator CADELL: You've done it.

Senator BLYTH: I did?

CHAIR: AEMO's not a Commonwealth entity, so they're not an estimates participant.

Senator BLYTH: That's okay.

Ms Savage: I'm sure that, if you ask them—

Senator BLYTH: They can provide that?

Ms Savage: they'll give you an answer to that.

Senator BLYTH: Yes definitely.

CHAIR: They're very accommodating.

Senator BLYTH: That's it.

CHAIR: Senator Cadell.

Senator CADELL: Going back historically, specifically in retail, and looking at hardships year on year, what are the latest figures you've got? Is it June 2024, or is it later than that?

Ms Savage: The latest figures that we would have published would be September 2024.

Senator CADELL: Is it? Can I get the hardship numbers then, please.

Ms Savage: You certainly can. At the end of September 2024, the hardship number, as a proportion of all electricity customers, was at 1.8 per cent. That's down from 1.9 per cent in the previous quarter.

Senator CADELL: What was the total number?

Ms Savage: In September 2024, it was 122,445. In the previous quarter, it was 131,746. That's just customers in the hardship program.

Senator CADELL: Understood.

Ms Savage: Do you also want the total number of customers with 90-day debt?

Senator CADELL: If you can tell me that too, that would be great.

Ms Savage: While we're here, I may as well give you the lot!

Senator CADELL: You're on the right page!

Ms Savage: Again, the last published data we have is from September 2024. In terms of the raw figures, there were 175,685 customers with 90-day debt. At June 2024, there were 201,988 customers with 90-day debt.

Senator CADELL: Can we go back to June 2023, the year before, year on year?

Ms Savage: The year before that, it would have been—I've only got the September figures. The annual figure at September 2023 was 177,147.

Senator CADELL: That's consistent. What about hardship?

Ms Savage: Hardship in September 2023 was 104,509.

Senator CADELL: Okay, that's gone up a bit. What about 2022?

Ms Savage: Do you want me to do percentages, because the total number—

Senator CADELL: No, real numbers is fine.

Ms Savage: You want September 2022 for hardship?

Senator CADELL: Yes, both, thanks.

Ms Savage: Hardship was 78,487, and 90-day debt in September 2022 was 154,300.

Senator CADELL: Okay.

Ms Savage: But obviously the total number of customers—

Senator CADELL: Hardship refers to someone who's part of a hardship plan or is trying to seek some comforts or protection otherwise, isn't it—that's how it is defined?

Ms Savage: This is why it gets a bit complicated. Under the rules, there are two pathways. If you are a customer who's experiencing payment difficulty and that's how your retailer identifies you, you could be entitled to a payment plan. Those customers are included within that category of 90-day debt customers. If you are a customer, though, who is identified as being in hardship and then you are subject to a retailer's hardship policy, those numbers are not included in the 90-day debt numbers. It's a little bit of a quirk; it's something that we are about to give a report to government on to say, 'Can we please just have one definition of these things so that

customers are not falling between those two categories.' But currently under the law and the rules there are two pathways.

Senator CADELL: It was interesting; as part of a different inquiry, with supermarkets, we were talking about hardship in all financial stuff. There was a categorisation that 90 per cent of people going to financial assistance lines had a catalyst—there was an injury, there was a medical thing, there was something—and now that's not the case. Literally, people are just finding it tougher. Over the last three years, these numbers have gone up by 45,000 people—more than 50 per cent, up to 60-odd per cent. Is anyone examining the circumstances in which people are finding it difficult, going into hardship and getting behind in their payments? Are we examining the reasons?

Ms Savage: The data that we collect comes from retailers, and it's literally the data that they have. We have done some lived experience work, and we've done some surveys ourselves. So has Energy Consumers Australia. I don't have that data to hand, but it wouldn't cover everyone. It would perhaps be—

Senator CADELL: No, that's right. It'd be a sample rather than—

Ms Savage: a survey of people rather than comprehensive in that sense.

Senator CADELL: The hardship numbers have gone up by 50 or 60 per cent, but are they stabilising now?

Ms Savage: When I look at it, I'd say, from the previous quarter, hardship customers numbers have come down from 1.9 per cent to 1.8 per cent. When we look at the numbers of customers with 90-day debt, that's also come down, from 2.9 per cent in the previous quarter to 2.5 per cent. But there was the \$300 rebate which will have helped in that quarter as well.

Senator CADELL: So we'd have to wait until the rebates end to see what the—understood.

Ms Savage: We haven't yet seen the next data at our board, but it should be coming in the next month or so, I'd imagine.

Senator CADELL: For a quarter—for December?

Ms Savage: Yes.

Senator CADELL: But that was the one that had—September wouldn't have had the rebate on it, would it? December would have had the rebate.

Ms Savage: The rebate would have started applying from 1 July. Mr Duggan might be able to answer questions on that.

Mr Duggan: Yes, it's a financial rebate, so it was 1 July.

Senator CADELL: Okay. I'm happy.

CHAIR: Senator Waters.

Senator WATERS: There are a few extremely specific questions from me. You did touch on some of this content in your most recent fourth-quarter report last year. Can you advise, please, if the Queensland LNG exporters purchased more gas from gas supply hubs and short-term trading markets than they sold into those markets in Q4 of 2024 and also in calendar years 2023 and 2024?

Ms Savage: I appreciate you had given us an opportunity to look at this, and we've asked the team to do that. They're going to need a little bit more time to get those specific numbers, because the way we currently report them and look at them includes producers and exporters, so we'd need to strip out for you—if we can take it on notice, we can give you the numbers for just the exporters. The bit we're not sure if we can give you or not is by participant, because we're bound by confidentiality provisions, but we're going to get some advice on that, and we'll come back to you on notice, if that's okay.

Senator WATERS: Yes, thank you. Perhaps participants by state would be de-identified adequately? But as much detail as you can give me would be great, thank you.

Ms Savage: Exporters would probably largely be Queensland, but yes.

Senator WATERS: That's my understanding, yes. Thank you. You're still working on that. I'm also interested in which, if any, have sold more than they purchased, but you've got that detail, and, likewise, any estimates of the volumes of gas traded through the supply hub and the short-term trading market by exporters separated by purchases and sales. You'll take that on notice as well?

Ms Savage: Yes.

Senator WATERS: Great. Have you noticed any trends in recent years in the volumes of gas supplied and purchased by LNG exporters in those two markets?

Ms Savage: We'll need to take that question on notice as well. I think we can answer each of those questions; we just need to extract the data.

Senator WATERS: Alright. I look forward to that. Thanks for your work on that.

CHAIR: Senator Bilyk.

Senator BILYK: Did you give evidence to the House Select Committee on Nuclear Energy last year?

Ms Savage: I did.

Senator BILYK: Was some of that evidence that it would take eight to 10 years for the necessary regulatory regime to be put in place in regard to nuclear timing?

Ms Savage: That evidence was based on my experience of having developed regulatory frameworks in the energy system, and the comment that I made at the time was that, when you consider the time it may take to remove the prohibition and to build commercial, technical, legal, environmental and safety frameworks, it could take eight to 10 years to do that work. That's based on things like how long it took to do the contract market monitoring powers and the retail laws, both federally and in the states. So it was that Commonwealth-state experience that was informing that.

Senator BILYK: Was it premised on energy ministers agreeing to the necessary regulatory reforms?

Ms Savage: That was partly what informed that, yes.

Senator BILYK: I've noticed that numerous states—Queensland, New South Wales, Victoria—have state-level bans on nuclear energy. How long will it take to deliver the necessary regulatory regime for nuclear energy if the states refuse to cooperate and they maintain their current positions opposing nuclear energy?

Ms Savage: I probably don't have the level of expertise to answer that question. I think I was just observing that when we've had to develop Commonwealth-state frameworks it has taken that type of timeframe to develop. The National Energy Retail Law and the National Energy Retail Rules took about 10 years, and they were part of a Commonwealth-state regulatory framework.

Senator BILYK: You could presume, though, that it might take longer, couldn't you?

Ms Savage: I'm not going to speculate on how long it could take.

Senator BILYK: Alright. Thanks.

CHAIR: Senator Darmanin.

Senator DARMANIN: In your latest wholesale quarterly report, you talk about the main drivers of high prices. The first driver that you point to is coal plant outages. There's been a bit of discussion today about coal plants becoming increasingly unreliable and how that decreasing reliability is driving prices higher and undermining that reliability. Can you talk about that assertion?

Ms Savage: Sure. There were certainly quite a range of factors that contributed to high prices in the last quarter. Coal plant outages were certainly part of it. In the last three months of the last calendar year, we saw some remarkably warm temperatures. I think that in Queensland, from memory, it was the hottest November on record, or for a very long time. Largely, they were driven by the coal outages and spikes in demand, as well as low wind generation and limited interconnector flows. In that last quarter of 2024, the coal outages were 16 per cent higher than they were in the same three months of the previous year—so the last quarter of 2023. New South Wales outages were up about 30 per cent year on year, and Victorian outages were up about 38 per cent, but Queensland was down slightly, by five per cent, which would have reflected the return of the Callide power station.

Senator DARMANIN: Given what the overall trend sounds like, in terms of the increasing unreliability, is it fair to say that extending the life of these aging coal plants will likely have negative impacts on prices and reliability into the future?

Ms Savage: We put out a report late last year. It's called a wholesale electricity market performance report. In that report, we were looking at how prices are changing and how the market's functioning during the transition. We're certainly seeing—and we saw this last year, particularly in May—that when there are transmission or network constraints, or there might be other outages, or we might have low wind or solar, the opportunity to lift prices, particularly through marginal coal-fired generators, is quite significant. So I think there are a combination of concerns. There are concerns about the way in which the plants are operating and bidding. There are concerns about the way in which the plants are performing, in terms of their reliability. We've seen a big shift away from planned outages towards unplanned outages. The challenge with unplanned outages is, obviously, that they're unplanned. They create quite a lot of volatility in the market. What we can see is that forward contract prices are

staying quite high as a result not just of that but of a number of factors. We're certainly seeing that increased levels of unpredictable plant outages are driving higher forward contract prices. I think there are a number of challenges there. But ensuring that the plant that does stay stays in a reliable manner is a key issue from the AER's perspective.

Senator DARMANIN: Part of that is—I think you talked about it—transmission constraints as a driver of high prices. In light of that, is it correct that the planned investment in transmission is important to support lower wholesale prices and reliability?

Ms Savage: From our perspective, we think there is a lot of investment needed in a range of technologies. We need to see increased investment in solar and wind. We need to see increased investment in pumped hydro, in batteries, in gas fired generation, as well as in transmission if we're going to make the transition to net zero in a smooth and predictable way.

Senator DARMANIN: What would be the impact on wholesale prices and reliability of the system if planned transmission projects like VNI, HumeLink, PEC and Marinus were scrapped?

Ms Savage: I don't think I know the answer to that question. I'm sorry, Senator. We haven't done any modelling on that, but certainly those transmission projects are a key part of the integrated system plan. They are, from our perspective, part of how we get to net zero.

CHAIR: Thank you very much. We appreciate you coming along today and sharing some information with us. We will now let you go.

Australian Energy Infrastructure Commissioner

[17:02]

CHAIR: Welcome, Mr Mahar, our new commissioner, to your first appearance at estimates in this role, I believe.

Mr Mahar: That's right.

CHAIR: Would you care to make an opening statement?

Mr Mahar: If you would indulge me, Chair, I would make some opening comments, and then I'm happy to take some questions. First of all, thank you for the opportunity to attend. It is my first attendance in this role. I was appointed to this role as Australian Energy Infrastructure Commissioner late last year, and I'm looking forward to what I see is a really challenging role. In short, my priorities are supporting rural and regional communities and working with industry to make sure that we get the best possible outcomes as part of the current energy transition. In addition to that, I'm also providing advice to governments on the implementation of the previous commissioners' Community Engagement Review. I'd like to take this opportunity to thank and recognise the work of the previous commissioners, and I look forward to continuing their work in my tenure as commissioner.

In 2024, the office had its third-busiest year since the commissioner was first created in 2015, with a total of 152 cases from 1 January to the end of December. In terms of cases or complaints brought to the office, 66 per cent related to wind farms, 12 per cent to solar farms, 11 per cent to transmission, two per cent to energy storage and nine per cent to general inquiries. Of the complaints received, almost half were in relation to engagement with rural and regional communities. A third were raising environmental concerns, a third safety and a third amenity—recognising that not all complaints were limited to one concern.

Senators, like you, my motivation in taking on a public role is to make a real difference. I'm passionate about rural and regional communities who are on the frontline when we talk about energy transmission. I see my role as a key contributor and a participant in the effort to make sure the energy transition is more equitable, more transparent and more fair. In plain English, that means working collaboratively with stakeholders, including farmers in rural and regional communities, where energy infrastructure is largely being hosted; all levels of government; and definitely the energy and transmission industry. It means pointing out where things have gone wrong and learning from those situations. It also means seeking to replicate where things have been done well. Key principles for me are building relationships—and I'll come back to this point briefly—getting all stakeholders to think more deeply and commit more fully to ensuring a balanced approach, learning from what has been done to date, both good and not so good and, ultimately, having honest, fact based, practical conversations about how we can achieve positive outcomes.

As part of my first month or so in the job I've been getting to know who's who in the proverbial zoo. I've met with many of the large energy developers and stakeholders, and they will obviously be a key partner in my role going forward. Given it's a national role, I've also had the opportunity to visit a number of areas, such as the

central highlands of Victoria, central west New South Wales, south-western New South Wales, and I'm scheduled to go to Queensland the week after next.

Those journeys and visits have confirmed what I previously thought—that is, there is some trouble and some concern in some of these communities. Some feel like they're having this energy transmission done to them, rather than done with them. Some are being asked to bear the burden of the energy and transmission projects while receiving few or no advantages in return. Some feel like they're being kept in the dark, not listened to, actions not being followed through and their concerns not being responded to in an empathetic way. In short, there is a cohort of the community that has completely lost trust in some stakeholders. That includes the energy sector, government and a whole range of people in between.

In my mind those visits have confirmed a few things. There's the complexity of this issue. There isn't a simple panacea to address all these concerns. There are a range of views on what energy transmission and generation can mean in many regions. In some places this has gone well. In some places we need to acknowledge and learn that we need to do better, and that will be done collectively.

That being said, there are people and regions where this energy transition is being done well. I had the opportunity to visit the Hay Shire Council in southern New South Wales last week. This is a tangible example of where the community, the regulators, state and local governments and the energy providers have come together to deliver an extremely positive outcome. It should be an opportunity for us as a community to learn. While it might be difficult to replicate exactly what is happening in that region, there are some significant positives and some constructive lessons that we can learn.

My role includes working cooperatively with the energy sector. An ongoing theme of my conversations is the value of relationships. If communities and stakeholders from the energy sector and from government can build relationships based on trust and respect, then we're on our way to a better position. The Hay example is a small example of where we can do better, and I'm committed to replicating that where we possibly can. I think that, at some level, we all accept that our shared goals of long-term reliability, affordability and sustainability need investment. Investment happens when there is increased certainty. Ultimately, what we're seeking is to get the transition right as soon as possible and, among other things, keep energy prices down. This is not a new challenge. There's not a lack of ideas initiatives or commitments already in play. Many charters, guidelines, frameworks and plans exist, but they need to be streamlined and they need to be strengthened.

As I flagged earlier, a big part of my motivation in taking this role on is that I want to see meaningful progress on the sensible recommendations in my predecessor's *Community engagement review: report to the Minister for Climate Change and Energy*. As part of that process we need a clearer, more compelling story, explanation and demonstration on the practical reasons for energy transition, a more comprehensive transparent country-wide planning framework and practical tools such as the developer rating scheme. While I'm early in this role, it's clear in my mind that, for long-term success, energy infrastructure projects must be better shaped by a spirit of true equity, transparency and shared community benefit. Communities that host this infrastructure must not be left behind. They must be at the heart of Australia's energy future. I'm happy to take some questions.

CHAIR: We'll go to Senator Cadell.

Senator CADELL: Welcome, Mr Mahar. It's an interesting transition from NFF to the infrastructure role. While you were there some of the responses to Mr Dyer's report by the NFF said that 'it barely touched the sides and potentially lacks teeth'. Now you're in the role, how are you going to give it some teeth?

Mr Mahar: I'm going to implement the recommendations. I was with Andrew Dyer when the government responded to this review. I was open and honest then, and I said I thought it was a good review and was a great basis for further action. The data presented there gave a very clear picture. As I said, what we need to do is get better communication, better engagement, better commitment, better transparency and more equity. I think how we'll do that, Senator, is by building relationships.

Senator CADELL: A lot of the people I've spoken to—and I've probably trampled the same dirt as you more than once—say, 'I'd rather have no money and no infrastructure—no towers,' or something like that, when it's being forced upon them or they feel pressured into it. But, when they do get it, I'm finding inconsistencies like you have on different methods. There's a farmer out near Central-West Orana whose property is worth \$2½ million, but he's got a pacemaker, so they spent \$20 million boxing around him with transmission lines where, potentially, there could have been a buyout and a relocation. What's the scope of what you can do, talk about and recommend? Can you look at financial ways, or can you only look at implementation or consultation? I know you don't have powers, per se, but what's the scope of what you can talk about and what you can do?

Mr Mahar: It's important to recognise that the powers are very limited. I think the core of the role is bringing parties together, negotiating and trying to get a good outcome. One of the real complexities of this role and this issue is the varying circumstances from business to business, farm to farm, family to family and region to region. That makes it an incredibly difficult job, but what it does do is give you the opportunity to negotiate and look at what might work for those individual parties. That's, I think, the commitment that I have made and what I'll be pushing and trying to influence and encourage all of the communities, including energy providers and generators, to do.

Senator CADELL: What are the challenges when we're using state delegated compulsory acquisition powers, you're a federal body and there are different rules in different jurisdictions? Is there any ability to streamline that when you talk about that? The most frustrating thing that a lot of people find is the different rules.

Mr Mahar: Absolutely—the joys of federation! Again, the different state based arrangements are one of the complexities of this role. I've met with all of the ombudsmen so far in each of the states, and they have varying powers, roles and responsibilities. My aim and my objective is to work with those stakeholders and state governments to try, as much as we possibly can, to get a national approach, because I agree completely with you. The different regimes across the states make it more difficult to get a national approach, and energy, much like agriculture, my previous role, doesn't stop at state borders.

Senator CADELL: If you go down that line, I've said, 'What's the scope of what you can and can't do?' and you talk about the individual circumstances of everyone, and they are so different. There's a gentleman from just south of Dunedoo who I refer to often, and the alignment for the powerline was going through his hardstand race—his dry area and feed area for when it's wet. He eventually came to a deal under the threat of circumstances, thinking that he'd get enough money to replace and repair his equipment and do this somewhere else, but then the taxation levies are such that that's taxed as an income, under income tax. But his claims against capital expenditure to replace these things mean he's out of pocket to do this. Is there any scope for you to talk about the taxation and ways we deal with money in these circumstances?

Mr Mahar: Definitely. I would see that as a core part of my role—to try and provide information and, where possible, to influence or provide ideas. Not only is it the scenario that you've pointed out—so the post-contractual implications—but it's the pre-contractual information and data that is needed by farmers, yes, but other businesses in relation to the implications for succession planning, for example. These are large assets, and, if they are going to be 30-, 40- or 50-year investments, then they will have an impact on how farmers, in this case, work out their succession planning. So there are huge taxation implications. I do think that is starting to be looked at, but I think there's a big gap from where it needs to be.

Senator CADELL: I might be critical of many things that the minister has done or is doing, but I am encouraged by your appointment to this role. I think it was a good thing to have someone with credibility in a regional way that can talk to farmers from a position of trust, with a history of their best interests. You said some concerns of government previously amounted to box ticking. You said that you were going to get more teeth, and you were with Mr Dyer when these responses came in. I don't want to go into the depths of the conversation and make you betray anything, but are you maintaining the rage, so to speak, and standing up for what you know and what you felt in the past?

Mr Mahar: Absolutely. The role is an independent role. To be genuinely honest here, I thought deeply about taking the role on. It's a challenging role, and I'm committed to being an independent advisor to government and everyone else and to working collaboratively and constructively to get a good outcome.

Senator CADELL: Do you believe that is reflected in the undertakings you've had made to you by governments and departments that they're willing to make the changes needed to make communities feel better included?

Mr Mahar: Yes. The response that I've had has, by and large, been incredibly positive. People see the enormity of this task. They see the challenges. Interestingly—to make an observation to try and answer your question—there is a lot happening in this space. It's a really complex, difficult space, but there are a range of tools and commitments and intentions. I think, if we can bring those together and streamline and strengthen them, we are going to get to a better place.

Senator CADELL: Thank you.

CHAIR: Senator Van.

Senator VAN: I have a brief comment, not a question. Congratulations on taking on the role. I think you've got very big boots to fill, but, having worked with you in your previous role, I'm sure you're more than up to the job, no matter how complex it is.

CHAIR: Thank you.

Senator CADELL: He didn't ask any questions!

CHAIR: Are there any further questions?

Mr Mahar: Am I am done?

CHAIR: Mr Mahar, thank you so much for coming along. Congratulations on the new role, and we look forward to your work in this area.

[17:16]

CHAIR: We will now move on to the department and outcome 2, program 2.1: conserve, protect and sustainably manage Australia's environment through a nature positive approach. Welcome. Do you have any opening remarks for this section?

Mr Fredericks: No, thank you.

CHAIR: We will go directly to questions. We'll start with Senator Duniam.

Senator DUNIAM: Thank you very much. This morning, Secretary, I tried to ask about the drafting of legislation related to salmon farming in Tasmania. Is this the area in which I—

Mr Fredericks: Yes.

Senator DUNIAM: Excellent. Are witnesses familiar with the letter the Prime Minister sent on 15 February to the salmon industry, to Mr Doug Paulin?

Mr Fredericks: I am familiar, I'm just going to make sure that the team is here.

Senator DUNIAM: With regard to this letter, there are a couple of things I wanted to ask of this department. I've asked this previously at the PM&C estimates, and they've pointed me to this department, to some degree. The letter from the Prime Minister to salmon industry representatives specifies that he has asked his department—that is, PM&C—and also the Department of Agriculture, Fisheries and Forestry to work with the salmon industry to build an enduring partnership and that the government will introduce legislation to ensure appropriate environmental laws are in place to continue sustainable salmon farming in Macquarie Harbour. It doesn't mention DCCEEW, but is DCCEEW part of whatever has been committed to here?

Mr Tregurtha: As I'm sure you're well aware, under the Administrative Arrangements Orders the environment portfolio is responsible for the Environment Protection and Biodiversity Conservation Act, which is the government's main environmental law. So, to that degree, as was indicated by PM&C, they would be working with us in terms of any reforms in the environmental law space.

Senator DUNIAM: Have PM&C reached out to DCCEEW, to you or other officials, to commence discussions on this?

Mr Tregurtha: We've been speaking with PM&C for many, many months about environmental law reforms—a range of issues—including that. We have a regular catch up with PM&C. My staff have fortnightly meetings with them to talk through all potential reforms to environmental laws.

Senator DUNIAM: Specifically, though, have you had a discussion with PM&C about the commitment made by the Prime Minister on 15 February?

Mr Tregurtha: We've certainly spoken with PM&C about the Prime Minister's letter of 15 February, yes.

Senator DUNIAM: Has a meeting occurred between DCCEEW, PM&C and other interested, or stakeholder, departments?

Mr Tregurtha: I'm not quite sure what you mean by 'other interested stakeholder'—

Senator DUNIAM: DAFF would be one.

Mr Tregurtha: Certainly we have met with those entities, with PM&C, in relation to this matter.

Senator DUNIAM: PM&C said a meeting hadn't occurred yet. When was the meeting?

Mr Knudson: From the discussion that occurred in the other committee, what PM&C were saying, if you check the *Hansard*, was there hasn't been a meeting with the industry yet. We've had ongoing discussions with PM&C.

Senator DUNIAM: No, they were very clear to me. They did say they hadn't met with industry, and that a meeting with other departments, particularly DAFF—because it was the only one referred to in the letter—had not yet occurred, but you're telling me it has.

Mr Knudson: Again, I don't want to verbal PM&C, but my sense of what they were saying was that it was about the industry sustainability plan that's called for in the letter. That's what I don't think they've discussed in detail with DAFF. That's a question for PM&C, not us.

Senator DUNIAM: We will come back to the industry sustainability plan, which is news to me. I gather that's what the item to be produced will be when it comes out of this. That's a revelation. On what date did you meet to discuss this matter?

Mr Tregurtha: As I said, I'd have to go back to our last fortnightly meeting with PM&C. We have those regular meetings around nature-positive law reform. I can give you the exact date of those meetings on notice.

Senator DUNIAM: Excellent. I would appreciate that very much. Given, as you said before, you have administrative responsibility for the EPBC Act, is it your understanding that DCCEEW would take the lead on any legislative changes resulting from this?

Mr Tregurtha: Under the Administrative Arrangements Orders, as I said, the environment minister is responsible for the administration of environmental law. However, any changes to legislation are usually the providence of cabinet decisions to implement government policy. The Prime Minister chairs the cabinet. Certainly the department supports the environment minister to implement any determinations of cabinet in relation to legislative changes that are relevant to the environment portfolio.

Senator DUNIAM: I understand how a cabinet works, and ministers versus departments et cetera. They're not sitting in cabinet typing out draft legislation. That would be done at the officer level. Is it something DCCEEW would do, or are you saying PM&C would do that?

Mr Tregurtha: The actual drafting of legislation is undertaken by the Office of Parliamentary Counsel.

Senator DUNIAM: Where is that domiciled? In PM&C?

Mr Tregurtha: That is a very good question.

Senator DUNIAM: The department issues drafting instructions?

Mr Tregurtha: We certainly issue drafting instructions in relation to changes to environmental law as directed by the minister and her office, indeed.

Senator DUNIAM: So we're back to where I was wanting to go. The minister would direct you, to say: 'We need to change these laws to do X, Y, and Z. Please go away and find ways to do so.' That would be a DCCEEW responsibility arising out of this commitment?

Mr Tregurtha: Absolutely. We implement the instructions of the minister to implement changes to environmental law, including the issuing of drafting instructions to the Office of Parliamentary Counsel, yes.

Senator DUNIAM: There has been at least one catch-up meeting with relevant other agencies, as outlined in this letter, to discuss this matter, amongst others. Then there will be a meeting of industry stakeholders to understand what needs to be done, I gather, but no drafting and no framework of ideas has been put together yet? No written documentation to guide the discussion around what this response will look like?

Mr Tregurtha: As I understand, PM&C took that question from you this morning—no, actually, I guess it was just after lunch this afternoon. My understanding of their evidence was that they had said that the details of that work were underway and under consideration.

Senator DUNIAM: Yes, they did. They also said we'd have legislation by the end of March as well. That was a commitment made by Minister Wong in that discussion. Has the department had direct meetings with representatives of the salmon industry in relation to this—not as part of the group of agencies, but individually?

Mr Tregurtha: I have not met with members of the salmon industry.

Senator DUNIAM: Has anyone from the department, since 15 February?

Mr Tregurtha: The department has a range of responsibilities in relation to this matter. I wouldn't presume to speak on behalf of my colleagues.

Senator DUNIAM: But in relation to the letter I'm asking about from the Prime Minister on 15 February—

Mr Tregurtha: All I can say is that, in relation to my team's work on legislative reform, we have not had a meeting with the Tasmanian salmon industry in relation to environmental law reform.

Senator DUNIAM: That would include this letter—so, no.

Mr Tregurtha: I dispute your characterisation. I think the Prime Minister's letter goes to a range of different things. What I'm saying to you is that my team have not met with the Tasmanian salmon industry in relation to environmental law reform.

Senator DUNIAM: Mr Tregurtha, the letter talks about changes to the EPBC Act, and it says that agencies will meet, reach out and build an enduring partnership. I'm asking about whether your agency, insofar as it's involved—

Mr Tregurtha: In relation to what you've just read out, my team has not met with the salmon industry in relation to—

Senator DUNIAM: Correct. This is the basis of my questions right now, as it has been all the way along, so thank you very much.

CHAIR: If you are moving on to a different topic, we might take the opportunity to rotate.

Senator DUNIAM: I'm happy to.

CHAIR: With the issue that we're dealing with in Tasmania, with salmon, the department made a submission to the inquiry that was instigated by Senator Colbeck's legislation to fix the salmon industry. Can you just give us a top-level overview of what your submission said?

Mr Tregurtha: I'm not sure that my area put a submission in.

CHAIR: The department did. I'm sorry if I don't remember which exact part of the department, but someone did.

Ms Parry: Could we get the reference? I'm not sure we made a submission to that particular Senate inquiry on Minister Colbeck's bill.

CHAIR: I'll have a look. Are you familiar with that legislation, though?

Mr Tregurtha: We may well have put in a brief submission in relation to how the act works. Mr Knudson has jogged my memory.

CHAIR: Which would have been a submission to the inquiry, yes.

Mr Tregurtha: Yes, we did prepare that and submit it to the inquiry, but it's been a couple of months, so I'd need to refresh my memory on the content of it.

CHAIR: I just want to be clear that we're talking about legislation around the salmon industry—legislation put forward by Senator Colbeck on behalf of the coalition. What would be the effect of that legislation?

Mr Tregurtha: As we understood it, the bill that was introduced proposed to amend the EPBC Act to place a three-year time limit on any reconsideration requests made by any third party, after which only a state or territory minister from the state or territory where the action is proposed to be taken could seek a reconsideration of that decision—and, presumably, the proponent could continue to seek a reconsideration decision. What that would mean in practice would be that anyone asking for a reconsideration would have to do so within three years of the initial referral decision being made.

CHAIR: Would that have fixed the situation as it stands?

Mr Tregurtha: The bill, as we understood it, was not retrospective. It would not have changed the situation as it stands currently. It would serve to operate in the future to prevent future reconsideration requests being made beyond a three-year window, unless it was the state or territory.

CHAIR: But it would have no impact on the current situation because it's not retrospective?

Mr Tregurtha: That's correct.

CHAIR: Thank you. During the last number of months, there have been a range of commitments made regarding the salmon industry. Can you talk us through what those government commitments have been.

Mr Fredericks: I might go to Ms Parry for that one.

Ms Parry: Obviously aside from the commitments around legislation that we've just been canvassing, the government has committed \$37.5 million for a range of different activities to protect the skate and to continue to support the salmon industry in Macquarie Harbour. Most recently, this past weekend, the Prime Minister announced an additional \$2.9 million for the maugean skate captive breeding program, but I will ask my colleagues to go through the previous commitments that make up that \$37.5 million.

CHAIR: That would be good, and I'd be very keen to understand how the breeding program is going.

Ms Maguire: Since 2023-24, the government has committed \$37.5 million towards the conservation of the maugean skate; about \$473,000 from the National Environmental Science Program to undertake maugean skate population assessments, including using genetic techniques; \$1 million from the Saving Native Species Program, on the captive breeding program and community outreach; \$1.15 million from the Natural Heritage Trust, also to contribute to the captive breeding program and community outreach; and \$3.33 million through the Fisheries

Research and Development Corporation to work with industry on a re-oxygenation trial in Macquarie Harbour. Then \$28.6 million was announced just a few months ago to improve water quality and environmental conditions within Macquarie Harbour and support critical species conservation actions, and on the weekend, as my colleague mentioned, the Prime Minister announced another \$2.987 million towards the captive breeding program. I'll throw to Belinda to talk about the success of the captive breeding program so far.

Ms Jago: The captive breeding program started as an emergency conservation action required under both the recovery team meeting for the maugan skate and the Commonwealth's threatened species conservation council. The captive breeding program started with four adult skates and 50 eggs collected from the wild. It's going well, with 26 of the collected eggs now successfully hatched. As of 21 February, so very recently, the adult female has laid over 210 eggs while in captivity; many appear viable. Fifty-three have also successfully hatched to date. There have been 11 hatchling mortalities over the course of the time as well, with the remaining 68 hatchling doing very well.

CHAIR: That's great. That's really good news.

Ms Jago: Yes.

CHAIR: Thank you. I appreciate it. That's all I had. Senator McDonald.

Senator McDONALD: Just out of curiosity, how long does it take for the skate to get to adulthood?

Senator CADELL: Yes, fair point.

Ms Jago: I'll have to defer to my colleagues for that.

Ms Maguire: About five to seven years.

Ms Jago: I think it is something like five to seven years, yes. I'll confirm that later in the hearing, if that's okay.

Senator McDONALD: Yes, thank you. Sorry to hold you up.

Ms Jago: No, of course.

Senator CADELL: You planned that question!

Senator DAVEY: It was a chair call from Queensland!

Senator McDONALD: Mr Fredericks, I've got a question for you of this report. I understand it was discussed earlier today. It's the *Review of the Environmental Defenders Office's conduct under the Commonwealth Simple Grant Agreement*. Can you take questions on that now?

Mr Fredericks: I can try. You might find I end up taking some of them on notice, because the relevant team aren't here anymore.

Senator McDONALD: Mr Fredricks, this report that was done last year, in 2024, formed part of the scope of review, I see, from the documents that were tabled. Thank you looking into that. I referred to the referral to the Law Society NT, and I wonder if you know when you made that referral.

Mr Fredericks: I'd have to take that on notice.

Senator McDONALD: Do you know if you've heard back from the Northern Territory law society?

Mr Fredericks: I'll take it on notice, but—just to assist, for now—I think I got a note in response from the law society and not much beyond that. But I'll take it on notice in case I'm wrong in that.

Senator McDONALD: When you say a 'note', do you recall what it said?

Mr Fredericks: I don't.

Senator McDONALD: 'Thanks for your letter' or—

Mr Fredericks: I'll take it on notice. When I say 'note', it was relatively cursory, as I recall, noting the receipt of the letter, and I really don't know what else beyond that. I don't want to mislead you, so I'll take it on notice.

Senator McDONALD: Given that that was a year ago and that you think it was an acknowledgement of the referral, would you be following up on that?

Mr Fredericks: No.

Senator McDONALD: You wouldn't follow up on that, given that, in the report, you note that you have a broad obligation to consider the conduct of publicly funded entities and that you should act consistently with public interest?

Mr Fredericks: I'll be really honest: I think I've discharged that obligation. The Northern Territory law society is a proficient organisation. I put them on notice—my recollection is that they were already on notice—and I've left it to them.

Senator McDONALD: Right. Has the minister's office been advised of your response, cursory or otherwise, from the Northern Territory law society?

Mr Fredericks: I would have to take that on notice.

Senator McDONALD: Do you know if you recommended an action to the minister's office?

Mr Fredericks: In relation to the referral?

Senator McDONALD: Yes.

Mr Fredericks: I did not, no.

Senator McDONALD: Do you remember why you only referred it to the Northern Territory law society?

Mr Fredericks: I think my advice at the time was that it was either the relevant action and/or that the conduct of the lawyers occurred in the Northern Territory. I'll take that on notice if I need to add to or amend that answer.

Senator McDONALD: Okay. Thank you.

CHAIR: Senator McKim.

Ms Jago: Can I just respond to Senator McDonald?

Senator McKIM: Thanks very much—

CHAIR: Senator McKim, could you hold on a second.

Senator McKIM: Yes.

Ms Jago: Adult skates become mature at between four and six years.

Senator McDONALD: Thank you.

CHAIR: Senator McKim.

Senator McKIM: I'm happy to stop for extra information. I'm aware that Senator Duniam asked about the legislation that's currently being drafted, and I'm aware in broad terms of your responses to those questions. Obviously, I'm speaking here about the Prime Minister's commitment to legislate to, in his words, 'ensure appropriate environmental laws are in place to continue sustainable salmon farming in Macquarie Harbour in Tasmania'. Leaving aside my difficulties with some of those words, can I ask when the department became aware that the Prime Minister had made that commitment.

Mr Tregurtha: The department became aware of the commitment made by the Prime Minister on 15 February when the commitment was made. As I think the officers from PM&C have already said today, the department wasn't consulted on the preparation of the letter.

Senator McKIM: Alright. Thank you. Would it be accurate to say that PM&C is the lead agency on the drafting of this legislation?

Mr Tregurtha: Again, as PM&C indicated, in cross-portfolio matters like this, they would take the lead.

Senator McKIM: That's fine. I'm just seeking some clarity here. I understand that Senator Duniam has been told—apologies, I'm not sure if it was in this committee or another one—that the timeframe for completing the drafting of this legislation is late March. Is that the department's understanding?

Mr Tregurtha: My understanding is that Minister Wong responded in that manner in the session in the PM&C hearing in relation to a question around the Prime Minister's commitment that the legislation would be introduced in the next sitting of parliament.

Senator McKIM: Just to be clear, your department doesn't have any knowledge apart from that over timing of the completion of drafting this amendment?

Mr Tregurtha: The timing for completion is a matter for government.

Senator McKIM: Is the department aware of the nature of the amendments that are being drafted?

Mr Tregurtha: As I said in evidence for Senator Duniam, the department supports Minister Plibersek in her responsibilities in relation to environmental law reform and the reforms to the environmental laws. So, insofar as legislative changes proposed to environmental law, we would continue to support Minister Plibersek in relation to her responsibilities.

Senator McKIM: Sure, but this amendment does change environmental law. The Prime Minister has been very clear publicly about that. Have you notified Minister Plibersek of this matter? Have you briefed your minister on this matter?

Mr Tregurtha: The department continues to provide a range of advice and briefings to the minister about environmental law reform. We've been doing that for many months in the course of her ministry. In relation to particularities, the minister is responding to a cabinet matter, so I'm not at liberty to cover cabinet or legislative privilege in relation to specifics.

Senator McKIM: I'm not asking you to do that. I'm simply asking you whether you've briefed your minister on this?

Mr Tregurtha: Minister Plibersek was aware. Minister Wong has already, again, in evidence noted that there had been a discussion between the Prime Minister and Minister Plibersek in relation to this matter.

Senator McKIM: But have you briefed your minister on this matter, or have you just left it as it stands?

Mr Tregurtha: As I've said, we continue to brief Minister Plibersek and her office in relation to reforms to environmental law.

Senator McKIM: I appreciate that. That's one of the core functions of a department. I've been a minister in Tasmania, so I'm well aware of how departments and ministers engage. I'm simply asking whether you've briefed your minister on this matter. I don't believe that's outside the normal information that a department would be prepared to provide a Senate committee.

Mr Knudson: Just going back to the discussion that happened in the PM&C session, it was made clear by PM&C officials that that is all subject to a cabinet process and therefore cabinet in confidence, and Minister Wong took on notice what could be released through a question on notice on that.

Senator McKIM: Just to be clear, you're claiming cabinet in confidence as a public interest immunity claim in response to the question about whether you have briefed your minister on this matter. Is that correct?

Mr Fredericks: Senator, let me help. I'd like to take that question on notice because I think it is quite clear that the drafting of this legislation is subject to cabinet in confidence. I want to take a cautionary approach. The question you are asking is perfectly legitimate, to be fair to you. It's perfectly legitimate for me to take it on notice in order to make sure that I don't mislead you or do the wrong thing by cabinet principles.

Senator McKIM: I appreciate that. I've got some questions about the \$28 million trial for oxygenation in Macquarie Harbour. Are you or any of your officers able to respond to those matters now?

Ms Parry: Yes, we can take some questions, noting that the actual deployment of those oxygenation trials is run out of a different department. But let's start with your questions, and we'll answer the ones that we can.

Senator McKIM: Just to be clear, is DAFF the lead agency for this trial?

Ms Jago: It's the Fisheries Research Development Corporation.

Senator McKIM: They sit within DAFF—would that be an accurate description?

Ms Maguire: In the same portfolio.

Senator McKIM: In the same portfolio, okay. Could someone just describe for me, in general terms, what your department's involvement in that program is.

Ms Jago: The program is important because it is trialling the levels of dissolved oxygen that are within Macquarie Harbour or that could be brought into Macquarie Harbour, which is obviously important, given that we're interested in the conservation of the maugean skate. As the maugean skate is a threatened species listed under our national environmental legislation, under the EPBC Act, it means that we're currently working with the TSSC, the Threatened Species Scientific Committee, on that listing assessment. In terms of the actual day-to-day operations of the oxygenation trial, that's something that the FRDC, the Fisheries Research Development Corporation, handle. But we're definitely involved because of the level of dissolved oxygen that is brought to bear on the harbour, which then informs the skate conservation.

Ms Maguire: I'll just add that \$18.3 million of the \$28.6 million is going towards the rollout and ramp-up of the reoxygenation, and that will be administered by this department and informed by the work of the trial with FRDC and industry.

Senator McKIM: Just to be clear, though, this is all in trial phase, is it not?

Ms Parry: It is. It's currently in a trial phase, and the new funding is looking at ramping that up. It's looking at expanding the trial program with the aim of increasing the oxygenation activities that are happening in Macquarie Harbour. As Ms Maguire stated, as to our department's interest in that, around the new funding that has recently

been announced, we are working up how best to administer that funding and how we can roll it out as expeditiously as possible. Again, we are looking at the outcome of that being to scale up the operations, given the outcomes of the initial trials so far have shown to be quite promising.

Senator McKIM: So we're still in trial phase but there's a plan to ramp up oxygenation—is that right?

Ms Parry: That's right.

Senator McKIM: Is your evidence that that decision has been made and that extra funding is going to be granted on the basis that the early stages of the trial have been—I think your words were—quite promising?

Ms Parry: Yes.

Ms Maguire: But the funding is up to \$18.3 million, and that will depend on the level of reoxygenation that's needed and the success of the trial. It's an 'up to' rather than a definitive, set amount.

Senator McKIM: Was the amount that was announced most recently by the Prime Minister on the advice of your department?

Ms Maguire: Sorry, I missed the second part of the question.

Senator McKIM: Did you provide advice to PM&C or to the Prime Minister or to the environment minister that that extra funding was required?

Ms Maguire: With regard to the \$2.987 million that the Prime Minister announced on the weekend, we provided that advice based on discussion with IMAS about the resources needed to continue to effectively house the captive breeding program.

Senator McKIM: That's obviously the captive breeding program. With regard to the money that is allocated for the oxygenation trial of Macquarie Harbour, have you provided any advice about the need for or the use of that money?

Ms Parry: We have provided advice to government—and that's what we are currently doing—on the nature of the activity and how the trials could be ramped up to achieve sufficient oxygen levels within Macquarie Harbour, and we advise government on delivering mechanisms for the program as well.

Senator McKIM: Have there been any negative impacts to the marine ecosystem in Macquarie Harbour noted from increased oxygenation that's been done as part of this trial?

Ms Maguire: We would have to take that on notice.

Senator McKIM: Thanks. I've got some questions—

CHAIR: We do need to rotate the call. We can certainly come back to you—is that okay?

Senator McKIM: Sure.

CHAIR: Thank you. We will go to Senator Darmanin.

Senator DARMANIN: I know that since coming to office this current government has made some significant investments to address timely environmental approvals. I was wondering if you could talk about what more the department can do, when it comes to approval times, to speed things up and what we have seen in terms of the outcomes of the work there.

Mr Edwards: The government has invested quite a number of resources into supporting timely assessments. We've increased our regulatory personnel by roughly 20 per cent in the last couple of years. That has seen an increase in sustaining timeframes. That's allowed us to lean in more to help guide good proposals coming forward. One of the areas we've been investing in is upfront guidance for proponents. Obviously the best and quickest outcome for a regulatory assessment is one that has very low impact on protected matters, and we're seeing better proposals come through as a result. We also have good investment of some of the systems that underpin our efficiency, so we now have a complete end-to-end regulatory workflow. For example, our officers can track projects and can transfer them between officers appropriately and so on.

I should say on the staffing front, apart from the increase which has been welcomed, we've also managed to convert a range of non-ongoing staff. We previously had quite a high proportion of non-ongoing temporary staff, and now we have a permanent workforce across the board. That's really important because it takes about six to 12 months to train up a regulatory officer in this space, and what we find now is we've got the continuity for proponents, so they don't lose the momentum. We have a solid and stable workforce, which helps with that efficiency. We've seen good benefits across the board from that approach.

Senator DARMANIN: In terms of the other part of my question, what more can the department do to speed up approvals?

Mr Edwards: A lot of the time in approvals—in fact, two-thirds of it—is with proponents. We have our revelatory timeframes and they're fairly, to be honest, chock-a-block with steps that we need to step through. A lot of what we can do are some of the items around guidance. The resourcing has actually enabled us to spend more time with proponents, both in advance and during their assessments, and that allows us to, for example, better turn around draft comments and updates to proponents. That's the sort of space we're continuing to lean into. Those pre-referral conversations, in particular, are really helpful because we're getting good products or better referrals, if you like, come to us, and that sets up a really efficient process.

Senator DARMANIN: That makes sense. Under the former government, there was an ANAO review into the environmental approvals, I understand. Can you talk through what the review found in terms of the timeliness and accuracy of approvals at that time?

Mr Edwards: I might start, and then I'll ask my colleague Mr Wyndham to add to that. That audit essentially found that we were at a pretty low stage of regulatory maturity. We were missing a number of the elements that I just talked about. We didn't have clear tracking of our processes. The guidance and the internal manuals of support for staff were not great. We didn't have an established training program. It basically found that we didn't have a lot of mechanisms we needed in place to run a good regulatory system, and, at the time, our regulatory performance was fairly poor. If you like, I might get Mr Windham to step through some of the key elements of that and some of the things we've done in response to that audit.

Mr Wyndham: Senator, to run you through some of the recommendations from that ANAO audit, if that's helpful, on the back of the investment the government's made, which Bruce has just talked through, we have made those systems improvements. The recommendations of the audit related specifically to information management from the referral stage through assessment approvals and, ultimately, compliance and enforcement, particularly around conditions. There was a recommendation that went directly to conducting up-to-date risk assessments of non-compliance across the regulatory system. There was a recommendation that sought to improve the oversight of referral assessment approvals and ensure that they're conducted in accordance with internal guidance procedures, conflict of interests and so on. We've implemented against that recommendation.

Recommendation No. 4 was to establish internal and external performance measures on the effectiveness of environment assessment. To add some information about our recent performance, last financial year on-time performance of the department in relation to referrals and approvals was 86 per cent, and so far this year our performance against statutory timeframes has been 87 per cent. If I move on through those recommendations, there was one in relation to implementing a quality assurance framework. That has been implemented and signed off by the department's audit committee. Recommendation No. 6 was for the department to establish efficiency indicators to assist with meeting legislative timeframes, and that has had the benefits in achieving those results that I just mentioned. Recommendation No. 7 was to improve quality controls to ensure conditions of approval are enforceable. We have a dedicated team committed to delivering good conditions. It's a focus of our work not only within the division that looks after approvals but also across the division that looks after compliance and enforcement. Finally, recommendation No. 8 related to developing guidance and quality controls so the department can assure itself that precommencement conditions of approval are implemented.

Where we're at in implementing all of those conditions is that six of the eight have been signed off by the audit committee and reported to ANAO. The remaining two are substantially complete, and we've just got to go through the process of formally closing those off.

Senator DARMANIN: You've just talked about a very extensive set of systems and processes improvements that I assume is very heavily supported by the additional investment that Mr Edwards talked about under this government. Would you say that that is the action that has supported the doubling of approval times and really addressing some of those significant noncompliance and delay issues from the previous government?

Mr Edwards: They absolutely have, and I'd say that it's coupled really closely with making sure we're able to upskill and maintain a workforce that reflects our caseload. We have had growth in caseload. I can't underline enough the importance around ongoing staff who are properly trained for that continuity to proponents. We see sometimes people do change in and out of roles, and that's really difficult for proponents and for us if we lose that momentum, so the permanent ongoing staff have been very important as well.

CHAIR: Last question, Senator Darmanin.

Senator DARMANIN: The minister's talked about delays and errors around the EPBC Act and it not working. Are these the kinds of things that she's referring to when she's saying, 'These things were previously not working for industry'?

Mr Edwards: I think the difficulty is that act is quite rigid. There's a lot of process that we need to step through. I think that's quite challenging for proponents as well. When she's talking about things that could work better—and it's generally in the reform context—we'd absolutely agree with that. There are a number of steps. They're quite prescriptive. It requires us and proponents to step through a range of matters. It presents inflexibility at different times. My understanding is that that's where the minister would be coming from. Certainly, when I talk to both industry and environment groups, they want some rules that are a bit more dynamic and can be updated and administered in the best possible way.

Senator DARMANIN: Thank you.

Senator Ayres: This is just one of the areas where the government has had to rebuild capability in the departments. In this area, I think it's been well traversed in other estimates over time. Run-down capability in an area like Veterans' Affairs leads to veterans' claims blowing out and very long queue. In this area of activity, it's led to average approvals being 116 days overdue, with 80 per cent of those containing errors or not being compliant. Building capability is not a simple matter, and that has involved additional investments from government, but it's also involved a lot of really hard work from the leadership and staff of the department together to improve the offering to people who are making applications and to firms who are making applications over really important developments—developments that not only are important for the economy but also engage really significant environmental questions. That capability has been built over time. I understand that the Dutton plan on these questions is to strip those jobs back out of departments like this, and that means a return to very poor outcomes for people making applications and very poor outcomes for the environment.

CHAIR: We will go to Senator Duniam.

Senator DUNIAM: I just want to get an update on where we're at with the minister's decision-making on the reconsideration of the permits of salmon farming operating on Macquarie Harbour.

Ms Parry: Thanks for your question, Senator. Do you want me to start off?

Mr Edwards: Sure.

Ms Parry: And then you can kick in. Senator, the department provided its briefing package to the minister on 20 January 2025. As we have canvassed in this estimates before, it was an extremely extensive package, with an extensive amount of input and materials. I think the total package ended up being over 11,000 pages, with about 230 attachments. It was quite significant. The minister has requested further information and advice on the back of the latest IMAS report that has come out. She has requested that we update the briefing and update our advice based on the latest scientific study, so we are just in the process of doing that. Do you have anything to add?

Senator DUNIAM: The 11,000—sorry, Mr Edwards. Were you going to say something?

Mr Edwards: No, Senator. Please—

Senator DUNIAM: That's alright. So the one thing the minister has asked for is the updating of advice that was tabled on 15 February?

Ms Parry: That's right. She has requested other advice, but that was a specific request. She requested an updating on the briefing on 15 February, on the back of the release of the IMAS report, and she has followed up that request with a request for some further legal advice, so again we are in the process of updating our briefing to reflect those requests.

Senator DUNIAM: While we're on that, was the 11,000 pages inclusive of all of the submissions were received through the consultation hub process?

Mr Edwards: I might ask Ms Short to give a bit of a breakdown. It's a staggering figure, but I'll just correct my colleague a little bit: it was 8,000. But we're still in the thousands and thousands.

Senator DUNIAM: What's 3,000 pages?

Senator Ayres: What a relief!

Senator DUNIAM: I know! She only stayed up seven nights reading it, not 10!

Mr Edwards: Ms Short has a breakdown of some of the components that that was made up of.

Ms Short: Yes. As mentioned, the package was around 8,000 pages. That consisted of 231 documents and a 21-page cover brief that had 96 attached documents. It included a departmental advice report, which was our technical analysis. That was around 136 pages and itself had a further 134 attachments. That advice piece of the package was around 3,600 pages. It included all the consultation submissions.

Senator DUNIAM: Just to be clear, in the 8,000 pages, the 2,500 submissions are included.

Ms Short: In the 8,000 pages, yes, all the consultation submissions were included as well. There were 2,551 submissions, and we included a report which summarised those stakeholder submissions, or the attachments to those submissions. Some of them provided additional reports, technical advice and research papers—that type of thing—and every single piece of correspondence that was received as well.

Senator DUNIAM: So it's the full package of everything the department had at its disposal in preparing its advice. Has all of the additional information or advice that the minister requested been provided now to the minister?

Ms Parry: No. We have received that request from the minister, and we are currently preparing that advice. We will be updating our brief accordingly.

Senator DUNIAM: To be clear, was the request from the minister relating to the IMAS report received on the 15th or some time—

Ms Parry: The request from the minister was on the 15th.

Senator DUNIAM: You mentioned other advice that was legal advice. Was that received prior to the 15th or subsequent to that?

Ms Parry: Subsequently.

Senator DUNIAM: What dates were those requests made?

Ms Parry: The minister requested further legal advice on 20 February.

Senator DUNIAM: So that is four days ago. Once that's complied with, then it's back in the minister's court, to make a decision at some point.

Ms Parry: That's right.

Senator DUNIAM: Can I ask about the status of the application relating to the Rosebery MMG tailings dam, please.

Mr Edwards: My understanding is there are two elements to the Rosebery dam.

Senator DUNIAM: Yes, there are.

Mr Edwards: There are the design and assessment works and referral, and then there's a referral for the actual tailings dam itself. The first one of those, the design and assessment works, is with the minister for consideration at the moment, and we have been helping her office out with some queries along the way since submitting that to make sure she's got all the relevant information to get to that decision point.

Senator DUNIAM: On what date was that received by the minister?

Mr Edwards: I would have to take that on notice. I don't have that in my papers.

Senator DUNIAM: If you could—I'm not sure what the date is for the return of questions on notice, but we may not be in existence anymore. So—

CHAIR: We are a continuing standing committee.

Senator WATERS: You should know that as a deputy chair, Senator Duniam!

Senator DUNIAM: I'm not, actually.

Senator WATERS: There you go. I stand corrected.

Senator DUNIAM: I've now been educated! So there were two matters. One is with the minister, and you'll tell me what date that was received. What about the other one?

Mr Edwards: The other one is the tailings dam proposal itself, and that's with the Tasmanian government. That's working through a bilateral assessment. They're working on an assessment, and my understanding is MMG is actually doing their environment impact documentation.

Senator DUNIAM: So the ball is in their court. Then there is Robbins Island wind farm.

Mr Edwards: With Robbins Island wind farm, at the moment we are in the decision phase of that project. The current statutory timeframe for that project is 7 March.

Senator DUNIAM: So that's the date you're projected to—

Mr Edwards: That's the aim-for-a-decision date, yes.

Senator DUNIAM: Back to salmon for one moment, I understand that, under the act, applicants requesting a review of permits—in this case, salmon-farming permits—can apply to a court to compel the minister to make a decision. Is that right? Has any such application been received that you know of?

Mr Edwards: Not to the court, as far as I understand.

Senator DUNIAM: Has any communication between the applicants and the department occurred around the timing of decision-making?

Mr Edwards: We have received some—

Mr Fredericks: We might have to be really careful on that one. Do you mind if we take that on notice in case we are cutting across legal professional privilege on this? I don't know. I'll be surprised if such a letter—

Senator DUNIAM: He was about to tell me as well!

Mr Fredericks: I'd be surprised—

Senator DUNIAM: I could see you jump at—

Mr Fredericks: To be honest with you, it really wouldn't bother me, but I've just got to be careful on legal professional privilege.

Senator DUNIAM: Of course.

CHAIR: Just to be clear, that's not a—

Mr Fredericks: I understand that. That's why I took it on notice, and I'll get some advice.

CHAIR: Good idea.

Mr Edwards: I won't contradict the secretary. I was just going to say—

Mr Fredericks: No, you—

Senator DUNIAM: Don't do that. You may not—

Mr Edwards: I was going to say there has been—

Senator CADELL: He doesn't know what he's talking about!

Mr Fredericks: Bruce, seriously. If there's something—

Mr Edwards: There have certainly been references in the press, for example, and we've been aware of other approaches—

Senator DUNIAM: But no formal communication with the applicants or anything illegal, but I understand you need to take it on notice.

Mr Fredericks: Of course. If there is a PII claim, am I—

CHAIR: If there is then that particular element doesn't qualify, so, yes, taking it on notice seems very wise.

Senator DUNIAM: I appreciate that. Could we go to the matter in the press recently: the extension of the Woodside North West Shelf project. I was wondering how many requests have been made to the Western Australian government counterparts for information associated with the extension application.

Mr Edwards: It's hard to provide an exact number. We'd normally have an ongoing conversation in confidence with co-regulators and talk about different information that's needed during those conversations. From the end of last year until more recently, they would have been ongoing. A lot of those are verbal conversations. We touch base on a range of projects, talk about information needs and so on. I don't think we're able to provide an exact figure for how many times we would have asked or indicated an interest in receiving certain data.

Senator DUNIAM: Did the minister write to the WA government to make a request for some or all of the information at the end of January?

Ms Parry: Yes, she did.

Senator DUNIAM: Is that normally what happens? A minister will seek this sort of information? Or is it normally, as you say, a to and fro between—

Mr Edwards: The standard practice is to and fro. Sometimes we will be more formal in those requests. Certainly, at that stage we're cognisant of timeframes and working with state officials, who are doing their best job to provide what they can. In that instance, the minister took to write to her counterpart to encourage a quick process if we could get one.

Senator DUNIAM: Okay. Has the information been received?

Ms Parry: Yes. The information was received on 5 February.

Senator DUNIAM: So it was a pretty quick turnaround. Has the minister now received the decision brief relating to this extension application?

Mr Edwards: No. There are a couple of factors. Obviously, we have reset the decision timeframe for that project. In doing so, we needed the data that we've been referring to. There was another application the department received in relation to this project, which we also need to consider, and we need to go through the Australian Government Solicitor legal review. Essentially, the delegate made the decision based on those factors. Once we received the data from WA, which was very helpful—several hundred pages—we were left with 23 calendar days to finish all those steps; hence we extended the timeframe out.

Senator DUNIAM: What do you project the timeframe will be for decision-making? There's obviously an end date on what you've just talked about.

Mr Edwards: We've revised the decision date to 31 March.

CHAIR: I'll get you to wind up. I can come back.

Senator DUNIAM: That's fine.

CHAIR: Senator Waters.

Senator WATERS: I've got some questions, firstly, about the Vitrinite Vulcan South mine. When we last had some queries about this, there was an investigation on foot into Vitrinite, which is in my home state of Queensland, for clearing habitat and commencing mining before they got approval. That was under investigation as of November, when we last checked in. What's the status of that investigation now?

Mr Grosse: That matter is still subject to an ongoing investigation.

Senator WATERS: Do these things have a timeframe associated with them?

Mr Grosse: Not really. It depends on the collection of the available evidence and going through a process before you consider whether there's a prima facie case in a matter to be presented before a court.

Senator WATERS: So you haven't reached the stage where you can form a view of whether there's a prima facie case?

Mr Grosse: That's correct.

Senator WATERS: Okay. Can the department confirm whether or not that investigation into, essentially, the first lot of breaches is also looking at subsequent alleged breaches involving bulldozing a haul road through koala and greater glider habitat that apparently the company committed to protect in the referral docs?

Mr Grosse: That's correct. It's part of the investigation.

Senator WATERS: So are those two separate incidents now being looked at in the one investigation?

Mr Grosse: That's correct.

Senator WATERS: When did that second incident occur?

Mr Grosse: I would probably have to take that on notice—

Senator WATERS: I think it was around October. I understand that, actually, this project was approved about five seconds before Christmas. What was the date of the approval?

Mr Edwards: The date was 9 January.

Senator WATERS: Five seconds after Christmas. So, you've got an investigation on foot into the first breach and now a second alleged breach. Yet, you've issued an approval for the project. How does that make sense?

Mr Edwards: I can speak to that. Essentially, there are allegations at the moment. As Mr Grosse mentioned, there's certainly no determined outcome of those, and the timeframe is also unclear. The act requires us to progress with decisions according to statutory timeframes, and there was one in this case. We obviously can't pre-empt what might come out of those, so we can't consider what's not fact at the time. There may be no contravention. We do have to move forward with the facts at hand, and they're what we based the decision on, including the established environmental history of that proponent.

Senator WATERS: You could stop the clock, though, and say you were seeking further information, which could be obtained in the course of doing said investigation. You actually had a way of stopping the clock; why didn't you do that?

Mr Edwards: There's no defined timeframe. From a natural justice perspective, we may be holding a project for a month or a year—

Senator WATERS: Plus, they've allegedly breached what they said they were going to do.

Mr Edwards: for an allegation. So—

Senator WATERS: It seems fairly reasonable to me.

Mr Edwards: It's not the view we reached. We do have a statutory timeframe. We have a duty and obligation under the act to make decisions on the facts at hand.

Senator WATERS: Did anyone suggest that stopping the clock was at least possible and then decide against it?

Mr Edwards: We're aware it's possible. I don't know whether anyone suggested that. We put our minds to what our obligations were at the time with the referral, so we've progressed along those lines.

Senator WATERS: The 'fit and proper person' test is relevant when you issue an approval. You have not one but two incidents pending an investigation that is on foot at the time you're thinking about approving a coal project. Surely you should think about that as a 'fit and proper person' test and, presumably, say, 'Well, maybe this company isn't something we should be giving approval to, if they've shown disregard for the rules.'

Mr Edwards: They're allegations, so they're not proven at this stage. We did consider the environmental history as it is in the facts that have been established to date.

Senator WATERS: What was the environmental history?

Mr Edwards: I'd have to take that on notice, but clearly we would—

Senator WATERS: Do they have any at all? Have they got other operations?

Mr Edwards: I don't know. I'll have to take that on notice.

Senator WATERS: If they've got a clean record, it may be because they haven't done anything before. Now, it's established that they've got two alleged breaches. Anyway, the act is just so incredibly weak—thank you for reminding me.

Senator BILYK: I think the word 'alleged' probably—

Senator WATERS: Is the Labor party defending coalmines once again—approving them and defending them?

Senator BILYK: I did not defend anything. I said 'alleged'.

Senator WATERS: I heard what you said.

Senator BILYK: I could allege something about you. It wouldn't mean you're guilty.

Senator WATERS: You could, but we're in estimates right now. Minister?

Senator Ayres: I might leave observations about environmental law reform to another day, in the interests of time, but it is extraordinary, really, to complain about the complexity of the legislation. In any case, the officials have—

Senator WATERS: I wasn't complaining about its complexity. I am, in fact, trained in that area. It's about the one thing I do have expertise in.

CHAIR: That doesn't mean it's not complex, though, just because you understand it.

Senator WATERS: It's woeful. That's the contention I was making, not that it's complex. Can I move on?

Senator Ayres: We were keen to get cracking on these questions some time ago, to shorten up approval times and to deal with the kinds of questions that you're interested in—

Senator WATERS: It's not the timeframes that are the problems; it's the absence of environmental outcomes.

Senator Ayres: This is a can-do government that wanted to resolve these issues in the interests of the environment and in the interests of faster approval times, but we've got a Senate of—

CHAIR: A Senate of far too many games, I feel.

Senator Ayres: people that are not interested in those kinds of outcomes.

Senator WATERS: Or not for sale to the WA mining industry, perhaps.

CHAIR: You may want to look at some of the tactics that were played by your team, Senator Waters.

Senator WATERS: I beg your pardon, Chair? Was that a comment from the chair?

CHAIR: It was a comment from the chair, yes—out of deep and abiding frustration. My apologies.

Senator WATERS: My apologies to everyone that's enduring this little spat. We will attempt to come back to the matter at hand. Can I move to the Beetaloo basin and the independent expert scientific committee advice that was requested in July 2024 in relation to potential impacts on or risks to water resources in the Beetaloo basin. I understand that was provided to the minister in December. I'd like to know when the department first received a draft of that IESC advice regarding the Beetaloo.

Dr Banks: As you said, the minister requested that advice on 5 July 2024. Then the IESC went through a process over about five committee meetings to develop that advice. They also dealt with some of the issues out of session. The advice was finalised on 16 December, provided to the minister on 17 December and subsequently published on the website on 19 December.

Senator WATERS: Okay. At what stage in that process did the concept of a plain-English summary present itself?

Dr Banks: I'd have to take that on notice. I think it's probably part of the normal IESC advices to—

Senator WATERS: Well, I don't think it is a normal IESC process. I do have some questions about that. Did IESC do the plain-English summary, or did the department draft it?

Dr Banks: We work with the IESC, but, at the end of the day, the advice that's provided is agreed on by the IESC as an independent expert committee and published on the website.

Senator WATERS: Yes, the advice is, but the plain-English summary that accompanied the advice is what I'm asking about. Who drafted that?

Dr Banks: I'll have to take that on notice, but I do imagine that that's one that the IESC would be closely interested in if it's representing their advice.

Senator WATERS: Indeed. When I have a look at some of the detail, the plain-English summary finds that there would be a 'minor impact' on water resources from fracking, yet nowhere in the rest of the IESC actual advice is that conclusion drawn or are those words used—hence why I'm questioning. I'm interested in who came up with calling these issues 'minor' when IESC in fact highlighted quite a number of uncertainties and potentially large risks.

Dr Banks: Like I said, I'll take that on notice in terms of that process.

CHAIR: Senator Waters, we're due to go to a dinner break in two minutes.

Senator WATERS: Okay, thank you. Did the IESC advice in relation to the Beetaloo basin look specifically at Tamboran's and Empire Energy's proposed projects?

Dr Banks: No, Senator. The request for advice that the IESC was asked to look at was related to potential impacts and/or risks of cumulative impacts and gaps in current scientific understanding of the hydrology and hydrogeology of the Beetaloo basin. That was in relation to the appraisal activities in the basin. It didn't deal with specific projects.

Senator WATERS: No. But did it deal with the cumulative impact of those proposals?

Dr Banks: That was part of the request for the advice.

Senator WATERS: Were there separate IESC advices for the Tamboran and Empire projects, or was this meant to take the place of that?

Dr Banks: I don't believe there have been any referrals related to those two projects, but I'll check with my colleagues.

Mr Edwards: Senator, are you talking about separate advices from the IESC?

Senator WATERS: Yes.

Mr Edwards: There was just the one advice. Again, it was the general understanding about the science, knowledge, risks and operating environment at the Beetaloo.

Senator WATERS: I do have some more questions, but we're coming back after the dinner break.

CHAIR: Thank you, everybody. We will break for dinner now and return with the same program—2.1.

Proceedings suspended from 18:24 to 19:25

CHAIR: Welcome back everybody. We will return to outcome 2, program 2.1, and we will kick off with Senator Duniam.

Senator DUNIAM: We were talking about the Woodside North West Shelf Project extension. Is everyone at the table? No? Anyway, we'll see. Things notionally come to a head on 31 March. There was also mention of another application which will somehow have an interaction with this process. What is that application?

Mr Edwards: There's been another application received for reconsideration of that referral decision, so we obviously need to turn our mind to that application before we can finalise the decision.

Senator DUNIAM: Okay. Does that application override the existing process that is on foot, or is it a concurrent process?

Mr Edwards: I can set that out. We've got the referral that we're considering for the project itself. There's an existing reconsideration which is part of the Living Wonders, the larger set of 19 reconsiderations about coal and gas, so we're working to finalise that. We're turning our mind to this new one we've just received to see if that's substantive in nature.

Senator DUNIAM: How long do you expect to take to determine whether it is substantive or not?

Mr Edwards: We've had a little look at that. We've set the statutory timeframe of 31 March on the basis that we believe we can work through both—

Senator DUNIAM: Issues. Okay.

Mr Edwards: in that timeframe.

Senator DUNIAM: Is the original reconsideration request going to be dealt with in that time as well, the Living Wonders, or are they all the same?

Mr Edwards: Yes, the plan is to provide that to the minister as soon as we can within that timeframe.

Senator DUNIAM: Sure. With regard to this set of decisions that are to be made by the minister, if the government is in caretaker mode, what happens?

Mr Edwards: The normal caretaker provisions apply. Regulatory decisions can be made. It would be a matter for the minister to determine sensitivity around certain matters. The first matter she would consider would be whether she would particularly like to make decisions, which is always something that we do. In the caretaker context, it's really the minister's call about whether something is sensitive. If she chooses to do that, whether she would consult with yourself and others before making that decision or whether she believes that she shouldn't proceed with the decision—

Senator DUNIAM: Okay. In the event that the minister chooses not to proceed, are parties informed that things will be put on hold until after an election?

Mr Edwards: That's something we would work through with the minister on a case-by-case basis.

Senator DUNIAM: Okay. Obviously, I'm a supporter of the project. I'd love to see it go ahead, as would my colleagues. Going back to the additional application, do we know who the applicants are that made this second request for reconsideration?

Mr Edwards: It was the Conservation Council of Western Australia.

Senator DUNIAM: What date was that received?

Mr Edwards: It was received on 12 February.

Senator DUNIAM: And are the proponents of the extension application advised of all the details around that?

Mr Edwards: We have filled them in that we have received the application. Yes. They're aware of that.

Senator DUNIAM: So we'll go through the same process that we've stepped through on the salmon stuff but potentially shorter form—is that right?

Mr Edwards: In this case, we need to determine whether it's a valid consideration and whether it needs more process than the salmon farming or not. So we're still trying to figure that out. It's pretty recent.

Senator DUNIAM: In the process leading up to the interaction between the states and Commonwealth in this project, we were waiting for the outcome of the rock art monitoring program. Is that correct?

Ms Parry: That is correct. That was a key piece of information—that we were waiting on that report.

Senator DUNIAM: We could not progress that until it had been received. Was there a DCCEEW representative on the body overseeing this project?

Ms Parry: DCCEEW sits as an observer. It's a project that is led by the WA government in conjunction with Curtin University and the Murujuga Aboriginal Corporation.

Senator DUNIAM: So it was just as an observer—no voting or rights?

Ms Parry: Yes.

Senator DUNIAM: On the way through, did the representative, this observer, report back to the department about what was happening around why there might be delays et cetera at the WA government end?

Ms Parry: I will have to take that question on notice because I'm not sure at what point the observer sits in. I don't know that it is every piece of their deliberations. Again, we have canvassed the size of the report. I will not go into page numbers in case I get that wrong again, but I know it was a very substantive highly technical report. The iterative process were engaging in with our WA colleagues since December was trying to get access to that

information so we have the latest data and information and a final report—or as completed report as we could get—in order to undertake our processes.

Senator DUNIAM: Given the impact that a delay or non-approval of this particular extension might have on the government's future gas strategy, has DISR been informed of where things are at or kept abreast of this process and where DCCEEW is at with it?

Mr Edwards: No. Our advice from our own internal gas colleagues is that it is not a substantive impact to the overall supply and demand of gas in the near term.

Senator DUNIAM: Sorry, that advice was from whom?

Mr Edwards: It was from our own gas colleagues within the department.

Senator DUNIAM: So an assessment has been made that this would not have a major impact?

Mr Edwards: We did seek some general advice to be able to advise the minister about any potential consequences, and the general advice was that this was within the tolerance of the predicted rollout of gas.

Senator DUNIAM: And that is from the energy part?

Ms Parry: That is right.

Senator DUNIAM: If there are any further questions, I will ask on notice. I wonder if Ms Short is still here somewhere. I had a couple of questions about those 8,000 pages of documentation relating to the seminary consideration. In the package that has been provided to minister, there is a 21-page covering note, which sort of sums up everything as best it can. Did you say there were 136 pages or thereabouts department or technical analysis?

Ms Short: Yes.

Senator DUNIAM: Those two documents were generated by the department based on what was contained in the balance of the 8,000 pages or the full package. Was there anything else the department generated? You talked about attachments or something?

Ms Short: Yes. Should I go through it again?

Senator DUNIAM: Perhaps just at a very high level if you can.

Ms Short: The 8,000 pages were actually 7,978; we rounded it to 8,000. That package consisted of 231 documents. The cover brief was 21 pages and it had 96 documents attached. The attachments included one technical advice report from the department that we generated, which had 134 attachments. That package, the technical report and its attachments, were 3,600 pages. That is kind of the substance of the department.

Senator DUNIAM: How did you transmit it to the minister, out of interest—electronically, trolleys?

Mr Edwards: It's a very good question and I'm happy to enlighten you. It goes through a parliamentary workflow but we have to courier boxes, literally, to the minister for these big decisions like this one, so that is what we did in this case as well.

Senator CADELL: How many acres of trees go into that?

Mr Edwards: I'm sure it's recycled.

Senator DUNIAM: Do you want to rotate the call before I go on to the next issue?

CHAIR: Sure. Senator McKim.

Senator McKIM: I want to go back a little bit to what we were discussing before the break, which was the funding that's been allocated to oxygenation in Macquarie Harbour. I want to be clear that we all share a common understanding. Firstly there was the oxygenation trial. I think the agreement for that was signed in late 2023. That trial is still ongoing, with completion due, at least as far as I know, later this year in October. I'm happy if folks want to update me on any timeframes. Then we have \$28 million announced by the Prime Minister in November last year, of which \$21 million was committed to scaling up oxygenation in Macquarie Harbour. Then of course there's the funding that we were discussing earlier before the break, which was announced last weekend, which was around the captive breeding program.

I'm specifically interested in that second tranche of funding, which is the \$28 million, of which \$21 million was committed to improving and scaling up oxygenation in Macquarie Harbour. Was the department consulted as part of the preparation for that announcement in November last year, and was the department supportive of that funding allocation?

Ms Maguire: Yes, the department was consulted on that funding package—the \$28.6 million—and supportive of the elements of that package. Of the \$28.6 million, up to \$21.2 million is to go to improving and scaling up

oxygenation and also habitat remediation in Macquarie Harbour. Of the up to \$21.2 million, \$18.3 million is for oxygenation. There's a component of that \$21.2 million for habitat remediation.

Senator McKIM: I appreciate that clarification. But that's not part of a trial, is it?

Ms Maguire: No. What I said earlier is that the trial is underway, and the results of that trial will inform the detail of how the up to \$18.3 million for oxygenation will be rolled out and utilised.

Senator McKIM: Maybe I'm just misunderstanding what a trial is, but how can a government allocate \$18.3 million to doing something of which the effectiveness is still under trial? And why would the department think that's a good idea?

Ms Maguire: I think it's fair to say that the results to date are promising in terms of the reoxygenation, and that gave us enough confidence to recommend the funding be set aside in order to scale it up. But, as I said, the specific design of that \$18.3 million will be further informed by the trial that is to be completed later.

Ms Parry: The key words there are 'scaling up'. The initial trial was showing promising results in situ and on a smaller scale. I think the government's intent behind increasing its funding, and thus increasing the trials, is really about that scope and scale and to see whether or not this will work on a much larger scale.

Senator McKIM: But the trial is not finished yet. The trial is not due to finish for another year. The trial was fully funded at \$7.29 million. I've got the timeframes here, which were provided by the FRDC to the Senate in response to a question on notice from Senator Whish-Wilson. The final report is not due until 31 October this year. As I said, I'm happy if you've got an update on that, but that's the information that was provided in the additional estimates of 2023-24. And, again, I'm just asking: how could it be a good idea to allocate money to something that is still under trial and hasn't been finally reported on yet? It's just corporate welfare; it's all about politics and nothing about process or science.

Ms Parry: Again, the government felt confident in the early outcomes of the trial. They were showing, and continue to show, promising results. It was part of the recommendation from the maugean skate recovery team that oxygenation trials continue and expand. The government felt confident enough in the recommendation of the recovery team, coupled with the early promising results of the original trial, to expand and scale up the trial so it could be much larger to see what the positive impacts of that would be. The government felt confident that it could expand what it was doing.

Senator McKIM: Is this money part of the trial, or is it not part of the trial? I'm confused.

Ms Maguire: Sorry, I missed the question. Is the additional—

Senator McKIM: Is the \$18.3 million part of the trial or not part of the trial?

Ms Maguire: It's not part of the trial, but the design of it will be informed by the trial, and the information that will be collected and analysed will build on the trial so there is a longer time series to assess the effectiveness.

Senator McKIM: We've just heard evidence in support of this—that the Threatened Species Scientific Committee recommended scaling up the trial. That's not about this money, because we've just heard evidence that this is not part of the trial.

Ms Maguire: Sorry, the maugean skate recovery team, as part of their planning and conservation planning, recommended not just that the trial continue but that additional investment be made for re-oxygenation and that that would be informed by the results of the trial and by the levels of production that might occur.

Ms Parry: The recovery team and department were interested in scale. We were seeing positive impacts at a localised level, and the next step was to see it at scale.

Senator McKIM: Is this \$18.3 million contingent on the final report of the trial being positive? What if the final report of the trial says oxygenation is just not working? What happens then to this \$18.3 million? Is it contingent at all on the trial, or are we just going to do a bit of the trial and then sink nearly \$20-odd million of taxpayers' money into something that doesn't work?

Ms Maguire: I think that's why we've been going to great lengths to say it's up to \$18.3 million. That will be informed by the results of the trial.

Senator McKIM: Okay. Where is the threatened species classification of the skate? Where is that, at the moment, in that process?

Ms Maguire: You might recall that at the last estimates we gave evidence that Minister Plibersek approved an extension to that advice by 30 October this year and a request that the committee do it as soon as possible and feasible.

Senator McKIM: And nothing has changed since then?

Ms Maguire: No, but the committee obviously will have a look at the latest IMAS report as well as any other new information that comes to light in that period.

Senator McKIM: Given the committee has been asked to do it as soon as possible, is it an expectation that would happen earlier than October?

Ms Maguire: The chair of the TSSC gave evidence last time that they would try and do it as soon as possible but taking into account any relevant information. That's the condition on which they anticipate that will influence the timeframe.

Senator McKIM: I have a couple of final questions on Macquarie Harbour. Given that about a third of Macquarie Harbour is inside the Tasmanian Wilderness World Heritage Area, I understand UNESCO has been in touch with the government in relation to the impacts of salmon farming and deterioration in the Macquarie Harbour marine ecosystem on the maugan skate—is that right?

Ms Parry: Yes, I can confirm that the director of the UNESCO World Heritage Centre did write, seeking information about the impacts of salmon farming operations on the Tasmanian Wilderness World Heritage Area. He wrote that letter on 23 April 2024. I can confirm that our UNESCO ambassador responded to that letter on 18 July 2024 indicating that we are working through the related processes under the EPBC Act and will provide UNESCO with a comprehensive response in the coming months once the matter is settled. Given that the Tasmanian government are also the managers of the World Heritage property, we will be working with them on a more fulsome report back to UNESCO when the EPBC decisions and considerations have been finalised.

Senator McKIM: Thank you. Can you provide a copy of that response to the committee, please?

Ms Parry: I can. I believe it has actually gone out under FOI. Let me confirm that and take that on notice.

Senator McKIM: Thanks. Final question, Chair, if I might. This is on the \$18.3 million that was announced in November last year, in regard to the original \$7.29 million in funding. Will any of that money be allocated to any of the corporate salmon farmers that operate in Macquarie Harbour? Is any of that money going to be used to lease or use any of their equipment?

Ms Maguire: We're still working through the details of how that funding will be rolled out. As you'd be aware, the pilot work is being done in conjunction and partnership between FRDC and the industry. We're still to work out the details of how the additional up to \$18.3 million will be rolled out.

Senator McKIM: So you can't rule out that some of that money may go directly to the salmon farming corporations that are actually causing the problem in the first place?

Ms Maguire: As I said, we're still working out the details of how it would be rolled out and informed by the research and pilot work that's underway now.

Senator McKIM: And informed by consultations with the salmon industry?

Ms Maguire: Informed by consultations with a range of different people and stakeholders.

Senator McKIM: Including the salmon industry?

Ms Parry: And including the recovery team.

Senator McKIM: Thank you.

CHAIR: We will go to Senator Cadell.

Senator CADELL: Data on FullCAM, if I can.

Mr Fredericks: I think FullCAM is in Climate.

Senator CADELL: The listing of white ash forests in South-East Queensland under the EPBC. On 24 December last year there was a paper released, white ash forests of South-East Queensland listing under the EPBC Act. Are you aware of that document?

Dr Kiessling: Yes, I am aware of that assessment.

Senator CADELL: There were some concerns raised with me. I'm taking this at a very high level. I don't want to get down to the details. On page 25 it lists timber harvesting as a key threatening process for a species. They say it is at 99 per cent of its pre-1750 extent. How is it assessed that logging is a concern if it's at 99 per cent?

Dr Kiessling: There are a range of threats to that particular ecological community. As you say, forestry has been a threat to that community in the past. It is the reason, actually, as to why there is such a little area of that ecological community left. It is also fair to say that there are a range of other factors that are putting pressure on

that ecological community, including things such as weeds, pests, climate change and other various factors as well.

Senator CADELL: That's where I get on that, that there is little of that left. I read the document saying 99 per cent of that ecological community is left.

Dr Kiessling: That would not be the case. I don't have the exact numbers in front of me here, but the fact that the ecological community is up for assessment is because it is considered to be in decline. The assessment is working through whether or not that is in fact the case.

Senator CADELL: When I read through it, trying to understand it very quickly yesterday, it was talking about most of the environment for it being untouched by logging because it's steep. It's not defined. It actually gives all the reasons that logging or harvesting hasn't affected it, but it mentions 54 times on my word count—not a guarantee—that logging is a threat. It goes to some length in its paperwork talking about how logging hasn't been a threat, but then it mentions it 54 times.

Dr Kiessling: Thank you, Senator. As I mentioned, logging is identified as a historical threat.

Senator CADELL: Historical—okay.

Dr Kiessling: The emphasis in the assessment is that there are a number of other pressures on that ecological community. In fact, the ecological community was put forward for proposed listing because of the pressures of the Black Summer bushfires, so fire regimes are one of the principal factors leading to this ecological community being assessed.

Senator CADELL: That's what I wanted to get to—fire. A phrase that I haven't heard before, 'edge effects', appears in this document. What exactly are edge effects?

Dr Kiessling: An edge effect is where an area of an ecosystem butts up against another area—a part of another ecosystem. It is an area where weeds and feral animals can be of particular impact because they essentially bleed from one area into another area. So it's where there is potential for the edge to erode because of the pressures of these various impacts.

Senator CADELL: The farming equivalent would be that you can't have good weed control if your neighbour doesn't have good weed control.

Dr Kiessling: That would be exactly right.

Senator CADELL: On page 26 of the paper—this is the point I'm getting to—it says that the existence of firefighting infrastructure, including fire trails and communication towers, is threatening the processes of environmental concern. I had trouble balancing the fact that fire is seen as a significant threat but fire trails, which can help fight fires, are an ecological problem. How do we balance that?

Dr Kiessling: It's a very good question, but I just make the point that one of the issues is that fire trails enable access for a range of other people. Those fire trails are not just for firefighting or fire-monitoring purposes; they allow visitors of all kinds, which then promotes issues such as weeds, the introduction of feral animals, accidental fires and all sorts of other things.

Senator CADELL: What's the balance of that? Is it a ministerial decision on fire trails versus fire risk? Does that happen with recommendations, or does it happen at ministerial level? How does that work?

Dr Kiessling: Fire management is principally a responsibility of state governments and, depending on the tenure of the land, the land manager themselves.

Senator CADELL: If the minister decides that white ash forests are endangered, what's the process for allowing state forest managers to do prescribed burning or access fire trails? What is the process to protect the area from fire if it's prescribed?

Dr Kiessling: If the ecological community is listed as a threatened ecological community, it would become a matter of national environmental significance, and it would undergo all of the same considerations that would need to be taken account of for other matters of national environmental significance. In short, anything that would have the potential to have a significant impact on that ecological community would need to be referred for consideration under the environment act.

Senator CADELL: What indicative timings are there for approvals or consideration of those matters now?

Dr Kiessling: I'm sorry?

Senator CADELL: If I am a state manager and I come to you guys and say, 'I want to put a fire trail in,' or, 'I want to do a backburn', what's the approval time for those sorts of things?

Mr Knudson: It's actually more a question for the regulator.

Senator CADELL: Hello, regulator!

Mr Knudson: I can assure you that we've dealt with a number of these areas.

Senator CADELL: Thank you very much. I don't have any more questions—just this one.

Mr Edwards: States, as you know, manage those fire regimes. The majority, if not all of them, manage it with a line to local, state, and federal responsibilities. What they will generally do—this is what most states have done; I'm not sure about Queensland, but they're probably the same—is work through their fire management plans. They will do a self-assessment around those different acts. For example, in our case that's on the basis of the EPBC Act, to do a self-assessment. Most of them manage to design their fire response programs around needing to refer their activities. In some other cases—South Australia, for example—we've done a strategic assessment of their entire fire management program, so that is in fact baked in; they can do that consistent with the EPBC Act. So they have a different approach, but the majority work through and do their self-assessment.

Generally, as you know, fighting fires and protecting lives and property are extremely important, so people get caught in an emergency response. For example, in Victoria, over the break, with the fires in the Grampians, the Victorian government approached us for a national interest exemption in an emergency situation, which we granted.

Senator CADELL: How long did that take?

Mr Edwards: We did it in about 24 hours.

Senator CADELL: Right. You've got to be thinking there would need to be a quick response, if required, for a back-burn or something like that.

Mr Edwards: Yes, that's right. That was fighting a fire through a reasonable period of time. They were fairly comfortable—they hadn't yet had a significant impact—but they could see several very difficult weeks ahead of them, so they put in an application to us to give them coverage under the national environmental law to manage that fire.

Senator CADELL: I'm going to go totally off track because you've piqued my interest on this. Are there lands that you can't apply for back-burning on in an emergency—for example, a national park? Is there a 'can't go' somewhere or a 'can go' somewhere? Is it like the great conundrum for a vegetarian: would you eat a chicken to save two chickens? What are the untouchables?

Mr Edwards: I'm not sure I follow you on the chickens! But it depends. Again, we protect matters of national environmental significance. So it may be you are in an area where in fact you have negligible impact on a nationally protected matter. The states at the local level—again, in Victoria, the CFA had a very clear organised plan—will either implement what their plan is ahead of a season or be aware of where those hard lines are starting to butt up a little bit. In that case, again, they spread out to us in an emergency situation, and we responded.

Senator CADELL: Thank you very much, Mr Edwards.

CHAIR: We'll go to Senator Waters.

Senator WATERS: Can we go back to the IESC advice on the Beetaloo basin, about unconventional gas exploration. I was asking before about who wrote the plain English summary. Were you able to get a response on that in the interim?

Dr Banks: Yes, I was. The IESC advice, which was basically responding to the minister's request on potential impacts as a result of unconventional gas exploration and appraisal activities in the Beetaloo basin, is the entire document as submitted to the minister and published on the website, and that includes the plain English version. So there's no plain English overlay by the department.

Senator WATERS: Okay. So IESC wrote the plain English version?

Dr Banks: That's right.

Senator WATERS: Great. Thank you. Noting that in the body of the IESC advice they conclude that there are major gaps of knowledge that affected their ability to provide advice and that even with those constraints they identified a number of high-likelihood or high-consequence risks from potential exploration and appraisal fracking projects, including things like fragmentation of vegetation and, importantly, groundwater drawdown and contamination—they also note that they rely on the application of industry best practice and the adoption of mitigation strategies but don't assess whether or not either of those things are actually occurring in the Northern Territory—how is it that all of that level of uncertainty and warning led to the minister saying that she would not require Tamboran and Empire Energy to seek EPBC approval?

Mr Edwards: While there's uncertainty—as there often is, as you know, with environmental impacts—there's a substantial amount of knowledge, both through that work and the previous bioregional planning in the Beetaloo basin, which gives a high degree of confidence in terms of the general matters in that area. On an individual project level, there are a number of steps they go through. There's a self-assessment that needs to occur. They need to determine whether they should refer a project. In the case of the projects you referred to, they're primarily regulated by the Northern Territory government, in relation to both water and mining operations. We have worked with the Northern Territory government to assure ourselves that we're of the view that those projects do not require an assessment at this point. If anything, I think that the IESC advice has been of assistance there because it points to having suitable regulatory regimes in place, such as the Northern Territory arrangements.

Senator WATERS: The advice makes the assumption that there's industry best practice, but on 14 January it was reported that 2,000 litres of contaminated water spilled onto vegetation surrounding one of the Empire Energy's wells. That is just the latest in what are now over 16 environmental and compliance breaches from that company alone—that's not even going into Tamboran—including failing to report significant finding of artefacts, failing to store dangerous fracking wastewater, using more groundwater than licensed for and clearing habitat without authorisation. Is that industry best practice?

Mr Edwards: I think the range of things you have mentioned there are again state-level—in this case, Territory-level—regulated matters, so I can't provide a view on those. But they are directly regulated by the Northern Territory government, not the Commonwealth.

Senator WATERS: If you're doing industry best practice, it's no problem. But it's evidence that industry best practice is not in fact being carried out. So how is it that the minister can conclude that, based on that IESC advice, when those assumptions have been disproved by reality?

Mr Edwards: The minister makes the decision on the project in hand. I think what you're talking about is the IESC general advice about the Beetaloo. What we consider is what we know about the activity that's underway. We've worked extensively with the Northern Territory government to understand the activities underway. They are of the belief that they are manageable and that they're below reasonably practicable in terms of environmental impact. We've also worked considerably with those companies to make sure they understand their obligations to self-assess and to refer if they do believe that they will hit that significant impact mark.

Senator WATERS: Has anyone reminded the minister that she can call those projects in?

Mr Edwards: I know there are several people that believe they should be called in. We're not of the view that they should be called in as the regulator.

Senator WATERS: My question was: has anyone reminded the minister that she has that power?

Mr Edwards: The minister's aware that she has the call-in power.

Senator WATERS: Okay—and she's still choosing not to. Righto. I'd like to understand why Tamboran and Empire have been treated differently to Valhalla-Black Mountain, which is a separate proposal in the Beetaloo that has been found to be controlled action, even though it's only being assessed on preliminary documentation, which I'll ask you about in a moment. What's the difference there?

Mr Edwards: I will throw to my colleague in a minute, but essentially, again, we do a case-by-case understanding of what the projects are and their potential impacts. Ms Calhoun can work through the project you're talking about in Western Australia—

Senator WATERS: Yes. I'd like to understand why that one met the threshold, but the others didn't.

Mr Edwards: but there are a range of additional matters that that project impacts. It's not necessarily our view of what's happening in the Beetaloo at this point in time. But Ms Calhoun will be able to give you some more detail.

Senator WATERS: I'm interested in why that one has been deemed to be controlled when the others don't even merit a call-in letter.

Ms Calhoun: The Valhalla gas project, firstly, is located in a different region of Australia. It's located in the Kimberley region. The proponent did refer its activities to us, and we did determine that it will need to undertake a full environmental assessment. We consider it's likely to impact a number of threatened species in that region and also migratory species. There are also likely to be indirect impacts on the outstanding heritage values of the west Kimberley national place and, potentially, likely impacts to water resources.

Senator WATERS: Yes. So what was the difference in the water trigger being applied there versus Tamboran and Empire? Was it the quantum?

Ms Calhoun: It was primarily the location of the project and the discussion that we had with our Western Australian colleagues about the location of the project and where it would be impacting what were matters of environmental significance in that region.

Senator WATERS: Can you say that in a different way in relation to water specifically?

Ms Calhoun: Water is one element where it's determined that there will be likely impacts, based on the extent of the project that was referred to us.

Senator WATERS: So it was bigger than the others. Is that what you're saying?

Ms Calhoun: It's a different scope and stage of the project, potentially, to what is occurring in the Beetaloo.

Senator WATERS: A different scope and stage—what do you mean?

Ms Calhoun: They referred a different scope of actions to us for this project—which is aligned to what has been assessed by Western Australian state colleagues—to in the Beetaloo, where, as we understand it, it's more the exploration stage that still is occurring.

Senator WATERS: Well, the aquifers don't discriminate between what's production and what's investigation and exploration. Science doesn't make that distinction either.

Mr Edwards: This project also triggered on heritage values, on threatened species and on communities.

Senator WATERS: Yes, you said that.

Mr Edwards: Again, case by case, we have to look at the complete impacts, and, as Ms Calhoun has said, this one has been going through state assessment for some time. I understand there are several thousand pages of analysis, so it does lead to—there are quite a few impacts there that we would need to also understand.

Senator WATERS: Did it make a difference that the proponent referred itself?

Mr Edwards: Only in that we assess the project in front of us, but the same process applies—we talk to state and territory regulators frequently to understand and to assess risks associated with different activities.

Senator WATERS: Are you concerned that it might send the message that, if a company ignores the law and doesn't refer, they can do what they like and they won't be assessed, whereas, if someone does do the right thing and refers on the off-chance that they might trigger the act, they will then have to follow the assessment process? Are you concerned that sends the message 'just keep your head down, don't refer, we won't really investigate, everything'll be fine for you, never mind the groundwater impacts'?

Mr Edwards: No, because I don't believe that's the case. We have talked thoroughly to the Northern Territory government and we've talked to the companies, so we've got a good understanding of that activity. I think it's also a simplistic interpretation of what's a very complex act, and we have to look at exactly what's put in front of us and what we understand about other activities happening. And they're all different. This is why we have different approval conditions in certain projects. We have different matters and different mitigations that we have to consider, and that's exactly what we've done in this case.

Senator WATERS: Okay.

CHAIR: If you're moving on, we might rotate the call.

Senator WATERS: I do have a few more questions, though, but not on this.

CHAIR: I can come back to you; that's fine. We'll go to Senator Darmanin.

Senator DARMANIN: Just to clarify on the call-in powers for the minister—maybe these are questions for Mr Edwards—does the minister have the power to call in a project where the federal government doesn't have jurisdiction?

Mr Edwards: No.

Senator DARMANIN: How is jurisdiction determined in relation to the Beetaloo gas project?

Mr Edwards: Again, essentially the minister would do a call-in when she has determined that something would be likely to have a significant impact on a nationally protected matter under the act. So you wouldn't call in, for example, a project that might be fairly low scale with fairly low impact, because you'd be saying that that may need to be controlled under the act—in fact, that's what you'd be saying—and you'd have to be very confident that that would be the case before you called such a project in.

Senator DARMANIN: What advice did the department give to the minister around her jurisdiction?

Mr Edwards: We haven't provided advice around that. But, again, the conversation is around the scale, the activity, the interactions we've had with the regulators and with the companies, and our knowledge about what's happening in that particular project area.

Senator DARMANIN: Okay. Thank you.

CHAIR: Senator Duniam.

Senator DUNIAM: Minister, I just wanted to go back to this Woodside North West Shelf extension. Are you happy with the process that's been undertaken there between the state of Western Australia and the Commonwealth? Does it accord with what you think is good process?

Senator Ayres: I'm sure the minister is satisfied with the way that the department has engaged with government on this question. If we've got anything else to add over the course of the evening, I will.

Senator DUNIAM: What do you say about comments from people like Mr Reece Whitby, who says:

I suspect that there's a nerdy little bureaucrat in an agency in Canberra somewhere who's trying to cover his butt, that's my suspicion—

of this process, and that's a Labor state minister. Do you agree with that or disagree with that?

Senator Ayres: No, I don't agree. We've got a very fine department composed of people who work very hard in the public interest. We've increased the size of the department so that applications get done more speedily and that the environmental and other development questions are considered properly.

Under your government, of course, when these things were assessed, 80 per cent of the assessments had errors—some of them so many errors that they weren't compliant. I don't blame the people who worked so hard on them; I blame a government that refused to resource the department effectively. I understand from today's press that Mr Dutton proposes to go back to sacking all of those very fine public servants who are coming to grips with the mess that what passed for a government in the Morrison-Dutton period left the country with.

So we're going to keep working hard on these issues and we're not very impressed with people applying pejorative language like that to the work of very fine, qualified Australians who are doing their best for the country.

Senator DUNIAM: Well, would you define what WA Premier Roger Cook said as pejorative language? 'Lord knows what's going over there,' referring to Canberra, Mr Cook said. 'This is the same department, don't forget, that said we should have 40 kilometre per hour speed zones on the Pilbara highways. I'm angry that someone, some boffin over in Canberra, said we didn't get the paperwork in time. It's just not true,' Mr Cook said on Thursday. Do you agree with that?

Senator Ayres: He's a terrific bloke, the Premier of Western Australia. It's not up to me to give a running commentary on what Western Australian leaders say. He is entitled to make those observations. We as a government really enjoy working with the Western Australian government. They are a very fine state government doing a very fine job.

Senator DUNIAM: Very good. To nature positive, to whomever would like to answer: given the bills that were on the *Notice Paper* were discharged in the last sitting, does nature positive remain a policy priority in the form in which it was presented in the December 2022 document? Does that remain the government's policy?

Senator Ayres: I suppose that's a question for me, not the officials.

Senator DUNIAM: If you'd like to answer it.

Senator Ayres: Yes, I would like to answer it. We have to deal with the parliament that the Australian people elected, including the Senate that the Australian people elected. That's the truth of it. If you went and talked to people who voted for the Greens political party, they wouldn't be very impressed that their representatives in parliament voted against a tough new environment watchdog with strong new powers and penalties; fines for serious environmental crimes going up from around \$15 million to \$780 million; transparency; and more environmental data for public and interested organisations to engage with. I think people who voted for the coalition wouldn't be very happy to find out that their Senate team voted against faster approvals for business and more planning work with states and territories so that suitable projects can be more quickly approved. That's the truth of the matter. If you're the kind of Australian who wants all those things to be achieved—effective environmental regulation and faster work on getting important national projects moving—you have to vote Labor this time around. That's the truth of it, because the Senate hasn't performed its function on this occasion.

Senator DUNIAM: My question was: does it remain a policy of the government? Let's say the Senate doesn't sit again, and we come back after the election and it's a Labor government—which I'm sure you will be working tirelessly for, Senator Ayres. Will these policies be back in the form in which they were presented in December 2022, including the laws your own government discharged from the *Notice Paper*?

Senator Ayres: I think everybody sensible in this debate agrees our national environment laws need updating. This is my first estimates doing Environment, I think—did I do one before?

Senator DUNIAM: You've done parts.

Senator Ayres: I've done parts of it.

Senator DUNIAM: But we welcome you to our family!

Senator Ayres: I love being here! I seem to remember that these observations aren't confined to the Labor side of politics; I think Mr Samuel, who was commissioned by the previous government, made a very similar set of observations. Your side of politics has stood in the way of reforms that would have seen many of these issues resolved. The Greens political party stood in the way of the same reforms. The government remains committed to getting reform in this area, and the alternative is a return to cuts, chaos, delay, disinvestment, poor environmental outcomes, bad outcomes for business, international investors finding other places around the globe in which to invest in resources projects and manufacturing projects, and environmental outcomes that let Australia and future generations down.

Apparently, according to Mr Dutton, public servants, who provide a real service to businesses and to the Australian people, are getting the axe because Mr Dutton doesn't like public servants. Well, we think there needs to be reform. We think that this department should be resourced effectively to do the work that Australians need it to do, including Australians trying to get important projects approved. That's our view. In the event that we are elected again at this election, we will work with the Senate that the Australian people elect, but, if you are interested in that kind of reform, you wouldn't be voting for your side of politics. You wouldn't be voting for the Greens political party; that's for sure.

Senator DUNIAM: I will ask again: after an election, should your government be re-elected, will Nature Positive reforms, as outlined in the December 2022 document, including the laws that were discharged by your own government, form part of what your government takes forward in government?

Senator Ayres: We're going to pursue reform that achieves the kind of objectives that I've talked about. Over the course of the last two years, this government has ensured that Australia protects more ocean than any other country on earth. The Murray-Darling Basin Plan has been rescued after a decade of neglect, which left farmers and the basin itself in real trouble, with no policy response from the previous government—in fact, it was even worse: cooperation with some of the worst elements of the previous New South Wales government to absolutely drive the Murray-Darling Basin Plan over a cliff. We've doubled funding for national parks. We've approved enough renewable energy projects to power eight million homes. There is \$1.2 billion for the reef and \$1½ billion for Antarctic science. We've projected Jabiluka from mining and added it to the Kakadu National Park. That's the kind of approach that Australians could expect to see, if the government is re-elected, the government to continue to pursue along with sensible environment law reform. I'm sure you'll be paying attention to what the minister, the Prime Minister and others say in the lead-up to the election, but that's the kind of approach that we'll be taking.

CHAIR: We're now schedule, if we run to time, to finish at 11. I encourage people in this section, if they have anything that they can put on notice, to do so as that would be very useful. Last question for you, Senator Duniam, before we rotate the call.

Senator DUNIAM: I will ask again. You've asked me to pay attention to what the Prime Minister and minister have said. They've been saying completely different things on this, I point out. The Prime Minister said that Nature Positive is dead, buried and cremated, and the minister was negotiating with the Greens and other crossbenchers to get these laws passed and won't reveal the documentation that was exchanged by way of letter.

Senator Ayres: I don't think there's any evidence to support that view. I understand you want to make partisan points.

Senator DUNIAM: There's a freedom of information request that has been fully redacted. That is the evidence. Now, my question to you is: will you rule out Nature Positive coming back in the form in which it was introduced into parliament, which you discharged from the *Notice Paper* in the last sitting?

Senator Ayres: It's been discharged from the *Notice Paper*.

Senator DUNIAM: After the next election, will it be part of what the government brings forward—yes or no?

Senator Ayres: It's been discharged, but, under the last government, the last government cut 40 per cent of the environment department's budget. That meant that planning approval times blew out. That meant that there was a dysfunctional approach to dealing with applications in a speed, effective and compliant way. We'll be focusing on making sure that this department has the leadership and the resources to do its work effectively.

Senator DUNIAM: I'll be back after the rotation on this very issue.

CHAIR: Senator Waters.

Senator WATERS: I have a question on the North West Shelf extension project, which has been covered a little bit already today. Regarding the existing gas plant, have there ever been any environmental or compliance breaches reported at the site?

Mr Edwards: Sorry, Senator; you had a compliance question?

Senator WATERS: Yes. For the existing North West Shelf project—not the extension but the existing one—have there been any environmental or compliance breaches reported at the site?

Mr Edwards: That was not approved by the EPBC Act; that pre-dated the EPBC Act.

Senator WATERS: It did too. Okay.

Mr Edwards: So, without pre-empting my colleague, I think the answer would be no from a Commonwealth perspective.

Senator WATERS: Yes.

Mr Grosse: That's correct.

Senator WATERS: In the consideration of the extension application, would you consider any state-level breaches as part of your fit-and-proper-person test?

Mr Edwards: We'd certainly look at a full environmental history.

Senator WATERS: Yes. So that would include state-level breaches, if there were any?

Mr Edwards: I believe so, yes.

Senator WATERS: Are there any?

Mr Edwards: I'm not up to that stage.

Senator WATERS: You're not there yet.

Mr Edwards: We'll get that report from colleagues.

Senator WATERS: But that will be considered. Moving now to Woodside's Browse proposed wells near Scott Reef, I understand that they have not only put in a referral for the proposed gas wells but they've also recently put in a separate proposal for carbon capture and storage, storing that beneath Scott Reef. Why has that been referred separately? Why not have it as the one referral?

Mr Edwards: The Browse referral has been in train for a number of years, and that CCS component obviously wasn't part of that, so it would form a separate action. But I'll just see if Ms Calhoun has any more—

Senator WATERS: Yes, but there's a rule against having piecemeal referrals. There's a court case about it from decades ago, so why were you not insisting that they roll that into the existing referral?

Mr Edwards: There's a rule around us needing to consider whether something is part of a larger action or not. As you know, there are a number of individual referrals in the Browse and Karratha example, and we're satisfied that, in fact, the most sensible way to deal with that is a separate referral. Again, that other referral has been in place for a number of years, so I think to revisit that and try to now vary it would've been a more complicated approach.

Senator WATERS: What is the timeframe for the decision on that?

Mr Edwards: For the CCS?

Senator WATERS: No. For the gas wells.

Ms Calhoun: The gas wells—that's currently on hold. We're seeking some further information in consideration of that project at the moment.

Senator WATERS: Can they do the gas wells without the CCS, or is the CCS a necessary part of them doing the gas wells, ergo you should in fact be considering them together?

Ms Calhoun: No. They can be standalone projects, which is one of the reasons why referring them as separate projects fits within that definition of the larger action and how we define what is part of an action or how it's connected.

Senator WATERS: So, if they get approval for the gas wells—I hope they don't, but if they do—but then they don't get approval for the CCS storage under Scott Reef, what would they do?

Ms Calhoun: That's a question for the company.

Senator WATERS: Would it impact on the first approval if they don't have the Scott Reef storage?

Mr Edwards: No. It's only fairly recently they've referred that concept. I don't think that a couple of years ago—when they referred the Browse wells, for example—they necessarily had a plan around CCS, so that's really independent of that project.

Senator WATERS: Thank you. Watch this space. I have just a few quick Queensland questions. Walker Corporation, who obviously have a long and sordid history with trying to overdevelop the Ramsar wetland and who pulled their application, are back. According to 7NEWS, they have a concept plan for a scaled-down proposal that now has 900 luxury apartments on the foreshore of a Ramsar wetland. Are you aware that they're now back and proposing a fresh destruction be visited upon Moreton Bay?

Mr Edwards: We are aware, Senator, but, again, only through those similar reports. I think I read that they had briefed the local council, for example, and presumably some of the local community, but at this stage we haven't been given any detail about a potential referral.

Senator WATERS: So you've read it in the media, like I have. Have Walker Corporation corresponded with the department, or have you corresponded with Walker Corporation?

Mr Edwards: I'll just check with my colleague.

Mr O'Connor-Cox: We were aware through those same media reports about a potential new development that's being considered at Toondah Harbour. We have reached out and had an initial chat with Walker Corporation. They're at the very early stages of that proposal. They understand their obligations under the EPBC Act, and they undertook to come and talk to us when the development was further thought out.

Senator WATERS: Did they give a sense of how long that would be?

Mr O'Connor-Cox: No.

Senator WATERS: In the course of that conversation—and please tell me as much about it as you can—did you convey whether or not the previous proposed setback, which I think was 250 metres, would still be your red line this time around?

Mr O'Connor-Cox: No. It was too early in the process of developing their proposal, so we were just after information about what their plans were and when they intended to come to us. It was too early.

Senator WATERS: And they didn't give you a sense of time?

Mr O'Connor-Cox: No.

Senator WATERS: Did they give you a 'Don't call us; we'll call you'?

Mr O'Connor-Cox: They said, 'We understand our obligations, and we will come and talk to you when the proposal is more fully fleshed out.'

Senator WATERS: Moving quickly to the Caloundra Transport Corridor Upgrade project, which originally had \$7 million of federal funding allocated for it but thankfully got pulled in November 2023—but that hasn't stopped them, because they've now made an EPBC referral, I think, in October 2024. I might have the date wrong. Can you provide an update on where that referral for the Caloundra Transport Corridor Upgrade project is at?

Mr O'Connor-Cox: I don't have material in front of me for that, so I can't give you an update on that. But, given those timeframes you said, it was a very recent referral.

Senator WATERS: I think so. I understand from my own terrible handwriting that it's being assessed as controlled. It's going to be assessed by preliminary documentation. So I guess I was wanting an idea of roughly how long you think that process might take.

Mr O'Connor-Cox: Okay, so it sounds like it's been declared a controlled action assessment approach preliminary documentation. We would have provided some guidance to the proponent on the type of information that was required. I expect that that's still with them. I can confirm that on notice. But, really, it's up to the proponent on addressing the information requirements to complete that preliminary documentation for us, so it's not something that I can answer in terms of—

Senator WATERS: Yes, there's no clock on that. It's just how long it takes them.

Mr O'Connor-Cox: Yes, that's right, but I can confirm that on notice.

Senator WATERS: And just an interesting question—well, I find it interesting because I'm a nerd. Economic and social factors are relevant to an approval decision. Does the fact that the federal government has withdrawn its federal funding support therefore have any relevance for when you're deciding economic factors in a final approval decision?

Mr O'Connor-Cox: Those decisions are taken on a case-by-case basis. Of course, as you note, we take into account socioeconomic considerations. There are a range of factors in that, like jobs and development for the region. I'm not sure—I'd have to look at the circumstances around that, but certainly socioeconomic considerations are part of the decision-making.

Senator WATERS: Yes, I knew all of that. My question was: does the revocation of federal funding fit in your category of economic and social factors that you consider?

Mr Edwards: The funding of a project, whether it's from government or another source, is not particularly relevant to our consideration.

Senator WATERS: No is the answer, okay. That's good; I just needed an answer. The Ballymore Resources gold mine in the Whitsundays—I understand that you've had some correspondence with the company. It's obviously a gold mine on the shore close to the Great Barrier Reef in endangered Proserpine rock-wallaby habitat amongst other endangered species. I think that the last update I got was that you'd had a meeting with them in May 2024, and they assured you that they knew what their legal obligations were. Has anything changed since May 2024? Have they made a referral, or have you had further contact from them? Have they said anything further to progress a potential referral?

Mr O'Connor-Cox: I would have to take that on notice. I'm not familiar with the status of that. I do recall that in previous evidence we've noted that we had discussions with that company and made sure that they understood their obligations, but I just don't have any briefing in front of me to provide you with an update on whether they have referred or we've had further communications with them.

Senator WATERS: Thank you. I'll look forward to that.

CHAIR: This is your last question, and then we'll have to rotate.

Senator WATERS: That's happy news because this is, in fact, my last question. There's a proposed coalmine near Bundaberg by Fox Resources that has a bit of a chequered state history. Have you had any correspondence with Fox Resources proposing a coalmine near Bundy?

Mr O'Connor-Cox: Do you know the name of that coalmine, Senator?

Senator WATERS: No. I know the proponent's name, Fox Resources, and that it's for coal and that it's just outside of Bundaberg.

Mr O'Connor-Cox: We might have to take that on notice.

Senator WATERS: Thank you.

CHAIR: Senator Duniam.

Senator DUNIAM: Is it the case that the Nature Positive Taskforce was the part of the department dealing with the drafting of legislation et cetera for nature positive and Environment Protection Australia? Yes. Okay. Given the government has discharged that legislation and there's no real clarity on what comes next, despite my want of trying, what is your division, Mr Tregurtha, doing as we speak?

Mr Tregurtha: The Nature Positive Taskforce continues to work on environmental reform. We've heard the minister say that the government remains committed to environmental reform, and, as you have seen, the Prime Minister talked about ongoing discussions in relation to ensuring that future reforms are successful in streamlining processes for business and for ensuring sustainable environmental laws going forward, so we continue to work to support the environment minister in relation to environmental reform more broadly.

Senator DUNIAM: So there are more laws being drafted in line with the government's nature-positive agenda?

Mr Tregurtha: Also, Minister Plibersek, when she introduced stage 2 of the environmental laws into parliament last year, gave quite a substantive response in relation to a range of issues, not all of which were dealt with through stage 2. As the minister has said, and as I've just noted in my answer, the government, including the Prime Minister, has committed to further discussing reforms with stakeholders, so, as I said, we're continuing to support that work.

Senator Ayres: We agree with the spokesperson who said: 'It's a priority. We need to reform all of the EPBC Act. It is outdated. It is no longer fit for purpose. Everyone agrees.' We agreed with the character who said that.

Senator DUNIAM: Yes, a very wise man. But he also said that the EPA is the worst piece of legislation that could come into—

Senator Ayres: A broken clock is right twice a day, Senator Duniam. The legislation won't be reintroduced—

Senator DUNIAM: Ever!

Senator Ayres: but we are focused on—

Senator DUNIAM: Five goes, and we got an answer.

Senator Ayres: I mean, I was inclined to go all night.

Senator DUNIAM: We can. I had an agreement with the chair that we wouldn't, but, if you would like to have that happen, I'm here as long as you are.

Senator Ayres: I think it would have been much better for the country if the Senate had engaged in a serious way with the government's reform agenda, but that legislation won't be reintroduced and that opportunity for reform has been missed. But, of course, there are still issues that need to be resolved. That's the direction we'll take. Your plan is still a secret. We are for a strong and effective department to do its work within the parameters of the framework that it's got, in the most capable way that it can, to meet the objectives that it's required to. We'll wait and see what your proposition is with bated breath.

Senator DUNIAM: I'm sorry, I zoned out. The stage 3 reforms are still being worked on by the division?

Mr Tregurtha: In accordance with the minister's commitment originally, we continue to support the government to develop reforms.

Senator DUNIAM: So the stage 3 reforms are still being worked on by that division. Alright.

Mr Fredericks: To be fair, that's not what the witness said. He can restate it if you didn't hear his evidence.

Senator DUNIAM: He didn't say no.

Mr Fredericks: He can restate the evidence he gave if—

Senator DUNIAM: Sure.

Mr Tregurtha: We continue to work on environmental law reform in accordance with directions from the minister and the government.

Senator DUNIAM: Did the minister's directions include stage 3 reforms?

Mr Tregurtha: As I said previously, when the minister introduced stage 2, she made a range of commitments in relation to progressing reforms more broadly. We've been continuing to work with Minister Plibersek and her office in relation to environmental law reform since that announcement.

Senator DUNIAM: Did that include stage 3?

Mr Tregurtha: That was stage 3 when she made the announcement. We've continued to work with her under the direction of her and her office.

Senator DUNIAM: So yes. That was a long way of getting to that exact answer.

Senator Ayres: That was the answer he gave initially. Honestly!

Mr Fredericks: That isn't fair. You know that.

Senator DUNIAM: I have asked for a direct answer, and it took—

Senator Ayres: And you got the same answer.

Senator DUNIAM: three iterations to get, 'Yes, stage 3 is part of what we are working on.' Or is that not what he said?

Mr Fredericks: The evidence is on the record—what the witness said. That's the beginning and end of it.

Senator DUNIAM: So stage 3 remains alive.

Mr Fredericks: That's your interpretation.

Senator Ayres: He said what he said.

Senator DUNIAM: Is it alive or is it not? Is stage 3 a priority of this government, Minister, or isn't it?

Mr Fredericks: The evidence has been given.

Senator Ayres: He said what he said.

Senator DUNIAM: This is stage 3—you were able to tell me that the EPA is never coming back. You've just, after five questions—

Senator Ayres: Again, I said that the—

CHAIR: Senator Duniam, that's not what he said.

Senator Ayres: Honestly!

Senator DUNIAM: Did he not say, 'The EPA is not coming back'?

CHAIR: He didn't.

Senator Ayres: What I said—

Senator DUNIAM: Is the EPA coming back? You said, 'We would not reintroduce the laws.'

Senator Ayres: Here's the trick: when you ask the questions, pause, take a breath, listen to the answer and then reframe it.

Senator DUNIAM: Sure. What was your answer? I may have misheard you.

CHAIR: It's amazing what you get when you listen to the answer.

Senator Ayres: Honestly, you should look at the *Hansard* afterwards.

Senator DUNIAM: What did you say?

Senator Ayres: I gave you an answer. The answer was that I agreed, and the government agrees, broadly with the observations—I can't be bothered going back through my folder—

Senator DUNIAM: I got that part.

Senator Ayres: that you had made in some previous point, that, if only you had followed through with your political party, maybe the cause of reform would have been a little bit further down the road. We are focused on the business of working with this department to do the work that this department can do within the framework. We think that there needs to be more reform and that the legislation that was before the parliament will not be reintroduced.

Senator DUNIAM: In the next term?

Senator Ayres: I said what I said. And the comments that you were traversing with the official that the minister made I agree with.

Senator DUNIAM: In relation to what you just said—

Senator Ayres: Which is exactly the same as what I said seven minutes ago.

Senator DUNIAM: it will not be introduced this term or next term.

Senator Ayres: I said 'will not be reintroduced'.

Senator DUNIAM: Does that mean next term? Yes or no?

Senator Ayres: The words contained in the sentence—

Senator DUNIAM: Understand why I'm asking—

Senator Ayres: from the beginning of the sentence to the end of the sentence, mean that they will not be reintroduced.

Senator DUNIAM: That's a commitment, that, after the election, the Labor Party will not reintroduce those laws.

Senator Ayres: I think what I said was, 'The legislation that was before the parliament will not be reintroduced.'

Senator DUNIAM: Another version of it. Are you familiar with the ACIL Allen report that was commissioned by WA industry? Has the department asked for any access to the modelling that was done by those various industry groups?

Mr Tregurtha: No. We have not.

Senator DUNIAM: Given that it obviously seemed to castigate the reforms that were afoot, based on what knowledge they had, have you made contact with them about the contents of what was published?

Mr Tregurtha: No. The firm that undertook that report was commissioned entirely separately by another entity. The department didn't commission that report.

Senator DUNIAM: I know that.

Mr Tregurtha: We have not sought access to it at this point.

Senator DUNIAM: Given they were stakeholders who were part of the consultation process the department ran—they've gone and done their own modelling—my question is: have you been in contact with the stakeholders to seek any clarity on the work they've done, if it relates to these laws?

Mr Tregurtha: The department regularly discusses the environmental reforms with a range of stakeholders, from both environment groups and industry groups, as you'd be aware. We've traversed that in these estimates

hearings a number of times. We continue to have those discussions with our stakeholders as we need to and as they ask for.

Senator DUNIAM: Can I ask about Environment Information Australia, or its current form. It is an entity, isn't it? But not legislated for. The current form of EIA—

Ms O'Connell: The current form of EIA is as a division within the department. Clearly, the legislation before the Senate was to apply obligations on the head of EIA—the legislation that's not going forward—and that would have involved doing things like making sure the *State of the environment* report was released, doing environmental-economic accounts and reporting those on certain timeframes, and doing other statutory obligations to report on environmental indicators.

Senator DUNIAM: The head of EIA—is that you, Ms Nitschke? In all but legislative capacity, you're operating as the head of EIA without the laws having passed, yes?

Ms Nitschke: I'm acting as a division head for a division within the department.

Senator DUNIAM: Does not having those laws passed constrain your ability to do what it is that was originally envisaged for EIA, or have you found a way around it?

Ms Nitschke: I wouldn't say we found a way around it. As a division within the department, we are providing both a critical and dependent function to support the department and the government to undertake their regulatory and policy responsibilities, as well as taking forward the government commitment to improve environmental data and information and give business and the public the easier access to environmental data that they need.

Senator DUNIAM: If the laws had passed, what additional resources would be available to you? Or is it that all budgetary measures were dealt with, so there's nothing attached to that?

Ms Nitschke: That's correct. They're all budgetary measures.

Ms O'Connell: It's also fair to reflect that the legislation would have passed those compulsory obligations on the head of the EIA to perform certain functions and do a number of other things.

Senator DUNIAM: I asked in corporate, in relation to travel to COP16, and I was told to come back a bit later. Is this later?

Mr Fredericks: This is too late.

Senator DUNIAM: When was I supposed to ask that?

Mr Fredericks: Sorry, my apologies. We have so many COPs. COP16? That's here.

Senator DUNIAM: My question was around the breakdown—

Mr Fredericks: I was thinking COP29, but you're right.

Senator DUNIAM: How do they number these things? They don't seem to be in any order—19, 72, 23. We've got an aggregate figure of the cost for travel to Colombia, and I asked in question on notice SQ24-000981 for a breakdown of the accommodation costs. I was told that was not available. I thought corporate might have been able to help, but they've told me to come to you, Mr Manning.

Mr Manning: I have the accommodation cost for the trip. I think corporate indicated that's what you were after—the accommodation cost.

Senator DUNIAM: Yes, per traveller.

Mr Manning: The accommodation for the trip was booked in bulk, not by individual officers, in accordance with the way the CBD was done. I can give you the total figure for that. It was \$17,432.69.

Senator DUNIAM: The total cost was \$158,000, just shy of \$20,000 was accommodation. The other \$130,000 relates to, what, airfares?

Mr Manning: The actual final cost, once we've finished all of the acquittals, I think the figure that was in the question on notice at the time was a point where there was a credit on the system. There were some additional costs. I think the total for the trip—and I think we have finished all of those acquittals now—was \$178,688 for the whole trip. We've given you the accommodation costs. The additional costs were for the flights, which, for the folks we sent over there, were a total of \$138,399.94.

Senator DUNIAM: How many people was that for?

Mr Manning: Seven people were part of the official delegation from the department.

Senator DUNIAM: Sorry—these flights were \$140,000 for seven people?

Mr Manning: Correct.

Senator DUNIAM: Okay. Alright. Are there any other costs associated with that?

Mr Manning: Not with the flights. The other costs included miscellaneous associated costs—for example, taxis, transfers, meals and various things like that. There were vaccinations for staff.

Senator DUNIAM: And that would be the balance, which isn't much.

Mr Manning: Correct.

Senator DUNIAM: That's another \$20,000—it isn't much. Thank you very much for that.

Ms Parry: Chair, could I make one clarifying point? Senator McKim asked about the letter from UNESCO in relation to the World Heritage area and Macquarie harbour. I indicated that I thought it had been released under FOI. I've confirmed it has not been released under FOI, so I stand by my comment that I'll take on notice the consideration to release the letter.

CHAIR: Thank you, Ms Parry. That's very helpful. I'll now release outcome 2.1.

[20:46]

CHAIR: I call on 2.2, Protect Australia's cultural, Historic and First Nations heritage. We'll go directly to Senator Duniam.

Senator DUNIAM: I just wanted to get a sense of—this might have been for corporate, but I'm not 100 per cent sure—the costs of external legal advice in relation to the section 10 declaration on the McPhyllamys gold mine development, both before and after her decision.

Ms Parry: I can confirm the external legal costs relating to the Kings Plains McPhyllamys section 10 declaration. All external legal advice on the section 10 process, not including current litigation, was \$44,170.30, GST inclusive.

Senator DUNIAM: Thank you. In relation to the declaration—I'm getting a bit rusty on this—there was an element in the declaration signed by the minister that referred to the pecuniary impact that might be experienced by the applicant if a decision is made to declare the area 'protected'. What steps are gone through to assess the pecuniary or proprietary impact to an applicant?

Ms Parry: We can talk about ATSIHPA processes generally—

Senator DUNIAM: In general—yes.

Ms Parry: but we will be talking about the McPhyllamys case in specific, because the matter is before the courts. I could ask Dr Beswick and Ms Dumazel to go through general ATSIHPA processes, but we won't be talking about specifics.

Senator DUNIAM: Please do. That's fine.

Dr Beswick: The pecuniary and proprietary impacts are a standard part of the assessment for section 10 declarations, and the team bases that analysis on the material we have before us, particularly submissions that are made by the proponent.

Senator DUNIAM: In terms of information the minister is presented with, what weight is given to the information provided? How is that weighed up against the other considerations?

Dr Beswick: It is one of the considerations that the minister factors in. There is no specific weight ascribed to particular elements of the information. It's an analysis provided to the minister, and the minister, in exercising her discretion to make a declaration, takes into account that information.

Ms Dumazel: There are two key tests for ATSIHPA, the Aboriginal and Torres Strait Islander Heritage Protection Act. They are around significance and threat. They're the two key tests.

Senator DUNIAM: Relating to impact on cultural heritage?

Ms Dumazel: They're the two key tests for consideration of matters under the Aboriginal and Torres Strait Islander Heritage Protection Act. The information on pecuniary interest is an input, but it's not a test.

Senator DUNIAM: With regard to any proprietary or pecuniary losses that might accrue to other parties beyond the applicant, if it is an applicant that has a project that would have benefit economically in a community or a region, is that in any way taken into account? Is that part of the submission from an applicant?

Ms Dumazel: We take each case before us, so every case is different. It really depends. What we do as a department is we consider each case against the provisions of the act, so it's dependent on the case before us.

Senator DUNIAM: Is there analysis done by the department beyond simply taking what is given in terms of pecuniary or proprietary impact? Do you get a third party, some sort of assessor, to look at that to perhaps give a value judgement, or is it just a case of the applicant saying, 'The pecuniary or proprietary impacts will'—for want

of a better way of explaining it—'cost me \$10 million if the application gets up and my project doesn't proceed,' and you just take that at face value? Or is there some third-party assessment, some expert quantity assessor or something like that?

Ms Parry: I would go back to Ms Dumazel's point around the objects of the act. That's where we provide the minister with extensive advice on whether or not a declaration meets the two tests of significance and threat. The other information is provided to the minister. The department, again, would do an analysis on that advice. It is up to the minister. She can also request further advice or further analysis on aspects of the briefing that is in front of her.

Senator DUNIAM: But noting what Ms Dumazel said, there are two tests and they don't relate to this at all. It's an input, but it is not one of the tests.

Dr Beswick: It is one of the matters in section 10—a reporter must report on the pecuniary and proprietary interests.

Senator DUNIAM: When the section 10 reporter does that, is that again just in terms of the detail provided by those who are impacted in a pecuniary way?

Dr Beswick: Principally it would be based on the submissions that the reporter receives. It wouldn't be the custom for reporters to commission independent research.

Senator DUNIAM: And that's just considered. I think that's all from me. Thank you.

CHAIR: Anyone else? No. We will release program 2.2. I will now bring on program 2.3, Accelerate the transition to a circular economy, while safely managing pollutants and hazardous substances. Anyone got anything? We will release that outcome. Thank you very much. I really hope you weren't hanging around for too long just to be told nobody in the room has any questions for you.

Bureau of Meteorology

[20:56]

CHAIR: I now welcome officers from the Bureau of Meteorology. Would you care to make an opening statement?

Dr Johnson: No, thank you.

CHAIR: I would like to note that you have advised of your intention to conclude your term. We wish you all the very best in your next great adventure. Thank you for your time with this committee.

Dr Johnson: Thank you.

CHAIR: Who'd like to start? Senator Davey?

Senator DAVEY: I'd be happy to. Thank you, Dr Johnson. I, too, note your announcement to step down, which will see the end of your quite long tenure with the bureau, which is lucky because all of my questions are actually covered by your tenure at the bureau. We have been consistently asking, over the last number of years, about the information the bureau provides and the funding that you're given. I note that my colleague Senator Pocock here has been very curious about ROBUST, so I'll leave most of those questions to her. I want to discuss the findings of the Auditor-General's report into the bureau's management—or, potentially, mismanagement—of assets in its observing network. I want to follow the timeline, because the report was quite enlightening and quite revealing. According to the report, the bureau drafted a strategic asset management plan, which was issued in 2018. Is that correct?

Dr Johnson: I believe so, yes.

Senator DAVEY: The strategic asset management plan—known as the SAMP—found, amongst other things, that there was an ageing asset base and a lack of reference to baseline asset information and that there were inconsistent asset management processes and disparate legacy recording systems. Given those issues were identified then, what immediate steps were taken to rectify those weaknesses in the asset maintenance and management program?

Dr Johnson: I'm pleased you asked about the audit. If it would be helpful for this committee, it's probably worth setting some context for the audit as well so we're clear about its scope and so forth. The bureau's network is extensive. We have nearly 15,000 assets distributed around the country, and these assets operate 24 hours a day, seven days a week, often in some very hostile conditions. The audit didn't look at the performance of those assets. It focused very much on planning and documentation matters. I think, as you would see from our annual report and other documents, the asset network itself is very reliable. The audit didn't find any deficiencies whatsoever in how those assets performed or how they're maintained or repaired, and so—

Senator DAVEY: I understand the solar measurement instruments have failed to return data for almost five years. That is a failing, is it not?

Dr Johnson: It made no findings at all about the performance of the assets, and, in fact, it found that the bureau had an effective enterprise asset management system. To go to your question, many years ago, at the start of my tenure, we initiated a series of reforms to the way in which our observing assets were managed, and the audit has basically occurred in situ as that process of continuous improvement has occurred. The asset management plans that you refer to didn't exist when I arrived at the bureau. There's been a comprehensive effort to develop nine-year plans for each of our asset classes. Those asset plans are part of a layered and nested approach—the way in which we manage our observing assets—and those asset management plans inform investment management decisions that the bureau makes every year.

Senator DAVEY: The ANAO report found that your draft inventory management plan remained a draft for over two years. It found that the enterprise asset management system rolled out in 2021 is not—you said in May 2024 that you could not rely on the information provided by the enterprise asset management system. As I said, there are reports that the solar measurement instruments are failing to return data, and the ANAO report has found that you've failed to report against the funding that was specifically provided to you for the asset management program. You're sitting here saying, 'There's nothing to see here.'

Dr Johnson: No, I'm not saying that at all. The audit had four recommendations, which we agree with and will implement, and those recommendations focused on planning and documentation matters. They did not pertain to the practical infield management of the observing assets. I'm not sure where the comment that you mentioned about the enterprise asset management system not being effective came from, because it is, and the ANAO did explicitly find that. I can find the reference to that in the report if that would be helpful for you. On the updating of a lot of that documentation, we take that feedback from the ANAO on board. It's an area where we've been attempting to bring all of that documentation up to date. As I said, it forms the core of their recommendations, which we've agreed to, and we'll action them as they requested.

Senator DAVEY: Your reading of this report and my reading of this report are quite different interpretations. Talking about EAMS—specifically, page 37 of the report—paragraph 2.65 on page 37 says:

In May 2024, the Bureau advised the ANAO that it is not yet able to rely on information from EAMS to report accurately on the performance of assets in its observing network.

Dr Johnson: I'd need to review that statement again. I may ask my colleague Ms Brinsmead, who I hope is online, because we do have folks interstate coming. She may wish to comment, specifically, on that statement.

Ms Brinsmead: Currently, the enterprise asset management system is used for asset management and the maintenance of our asset management network. The data we collect is not specifically related to the performance of the assets themselves, in terms of availability.

Senator DAVEY: What is the purpose of it, then, if it's not to identify asset—

Ms Brinsmead: It's how we manage the assets, in terms of the maintenance regimes, the life cycle and work orders, and it holds documentation in relation to the configuration and location of those assets. It holds all the metadata associated with those assets as well.

Senator DAVEY: When an asset is identified as not working to spec, how is that managed and rectified? Another aspect of the report is that not all maintenance notifications are resolved within the timeframe targeted by the bureau.

Ms Brinsmead: Overall, the asset management system tracks the maintenance regime of the asset, but it also tracks the work orders that we initiate if a return to service is required. We have monitoring on the assets. If there is a disruption in data or there's a notification that an asset's not working, that is notified to us. Then, a work order is opened up, in the asset management system, and that's tracked to closure once the asset's been returned to service. That's what we use, the asset management system. It doesn't specifically manage or monitor the uptime of the asset. That's a different system that we use that for.

CHAIR: I'll need to rotate the call, Senator Davey, if you could wrap up there.

Senator DAVEY: I'll come back to the funding side of the ANAO, so I'm happy to rotate the call.

CHAIR: Senator Pocock.

Senator BARBARA POCKOCK: I'll follow up some of the points that Senator Davey's been raising. I want to go to you, Minister, as the minister representing the relevant minister. Minister Plibersek was reported, in early February, to have sought an urgent meeting on financial management, at the Bureau of Meteorology, after it was revealed that hundreds of millions of dollars in maintenance funds had been used to cover cost overruns. The

minister said publicly about the ANAO report: 'I think there need to be better systems and processes in the organisation.' Has that meeting, the briefing that Minister Plibersek talked about, occurred?

Senator Ayres: I'll seek some advice and see if I can come back to you in a few minutes.

Senator BARBARA POCOCK: Maybe Dr Johnson can tell me whether that meeting occurred.

Dr Johnson: I'm very happy to speak to it. Firstly, the premise of your question—

Senator BARBARA POCOCK: I'm asking you whether the meeting occurred. Would you mind addressing that question?

Dr Johnson: I'm answering your question. The premise of your question is flawed, in the first place. The statement—

Senator BARBARA POCOCK: I'm going to come to the issue of the misplacement of funds, but I'd like to know if there was a meeting with the minister.

Dr Johnson: That statement is incorrect. There has been no misplacement of funds. Yes, I've certainly met with the minister, as I've done during my tenure. So this notion that there's been some misdirection of funds is false. I couldn't be any clearer with that.

Senator BARBARA POCOCK: We'll come back to that.

Dr Johnson: I'd be happy to.

Senator BARBARA POCOCK: Minister, that meeting did occur, it seems. Are you aware of whether the minister sought Dr Johnson's resignation?

Senator Ayres: I certainly haven't been briefed that anything like that occurred.

Senator BARBARA POCOCK: Mr Johnson, did you offer your resignation?

Dr Johnson: No, I did not.

Senator BARBARA POCOCK: What was learnt at that meeting, Minister, about financial management at the Bureau of Meteorology, particularly in relation to the use of management funds to cover cost overruns as detailed in the ANAO report on the bureau?

Senator Ayres: I think that the chief executive officer has started to respond to some of those assertions that you've made, and I expect Senator Davey's going to come to some of those issues in her questions as well. I'm simply not in a position to add any more detail. Officials may be able to, but I'm not in a position to add any more detail, and not because I'm trying to be unhelpful. We'll take on notice anything that we might be able to provide you in relation to that.

Senator BARBARA POCOCK: The ANAO report is clear in pointing to a range of maintenance shortfalls in the Bureau of Meteorology for the period in which it did its review. When you look to recruit, as a government, to replace Dr Johnson, will you be putting, as a government, emphasis on financial and project management skills, given the cost blowouts and critical delays that are reported in relation to both the ROBUST program and the Australis II project?

Senator Ayres: I understand that a series of assertions have been made about the ANAO report. I haven't been given the benefit—

Senator BARBARA POCOCK: I'm particularly asking about ROBUST and Australis II in this question.

Senator Ayres: I haven't been given the benefit of reading that report, but the government's approach will be to recruit to this position at the appropriate time somebody who's got all of the skills that are necessary to run this important organisation. I don't think I can say much more than that.

Senator BARBARA POCOCK: Will you ensure that no person who has been found to have deliberately misled a federal court will be appointed to that position?

Senator Ayres: It sounds like the kind of thing that would—well, I'm just not sure of the context.

Senator BARBARA POCOCK: There is context to that question.

Senator Ayres: I'd hope so, but I'm not aware of it.

Senator BARBARA POCOCK: Would you think it appropriate to appoint to a senior leadership position someone charged by a federal court with having deliberately misled them?

Senator Ayres: I'm not aware of the context that you're talking about, Senator Pocock, so I'm reluctant to express a view.

Senator BARBARA POCOCK: I'll perhaps put that question on notice to the minister. What is the date, if I can ask you, Dr Johnson, on which your resignation becomes effective?

Dr Johnson: 12 September.

Senator BARBARA POCOCK: Does that constitute the completion of the full term of your current contract?

Dr Johnson: No.

Senator BARBARA POCOCK: How far short of your current contract is 12 September?

Dr Johnson: Approximately one year.

Senator BARBARA POCOCK: Will you be active in the role to that date, or are there periods of leave or secondment or other periods of absence that you're—

Dr Johnson: It's my intention to work till 12 September.

Senator BARBARA POCOCK: If I can go specifically to the ANAO report: a recent report in the *Saturday Paper*, dated 1 September this year, says:

The Bureau of Meteorology has been using hundreds of millions of dollars granted specifically for "proactive" maintenance of its ageing weather observing system to prop up the agency's deteriorating financial position and cover cost overruns on major technology rollouts.

That's a direct quote. The article also points to the ANAO report, which it terms 'scathing' given that the Auditor-General says the bureau has failed to account for all of its money allocated to maintenance and to complete adequately its maintenance program. Do you believe the bureau has spent money intended for asset maintenance on anything other than asset maintenance?

Dr Johnson: The premise of your question and the statement from the *Saturday Paper* that you've made are false. Maybe it will help you and the committee if I explain the purposes for which the moneys that are being referred to in public commentary were appropriated. When the ROBUST program was funded—and, as you will recall, it was funded in three tranches—and the final tranche was considered in the 2021 budget, another measure was considered as part of that submission, which was a funding allocation to sustain the benefits of the ROBUST program. That was announced in the 2021 budget. Funds to sustain the benefits of the ROBUST program, which include a whole range of things including the observing system assets, started to commence in 2021-22 at a small level, increased a little more in 2022-23 and then ramped up to their full intended expenditure levels in 2023-24. Just to be crystal clear with you: those funds were intended to sustain the benefits of the ROBUST program, which included security and stability of the bureau's IT and OT systems. It includes our observing assets but doesn't exclude other things. It includes other things as well: models, technology, high-performance computing and so forth.

When it became clear that the ROBUST program was likely to take longer than anticipated and cost more than anticipated, we commenced discussions with the central agencies about what our options were to deal with the shortfall in funding. You're well aware of what that shortfall is. Based on those discussions with the central agencies, it was agreed that the bureau wouldn't put a submission back into budget to cover the shortfall and that it was a legitimate use of those sustainment funds—the funds appropriated for the sustainment of ROBUST—to be used to contribute to the bureau's core base funding.

Everything we've done with respect to our funding has been with the full agreement, full consultation, with the Department of Finance and the Department of Prime Minister and Cabinet. So the statements made and inference that the bureau somehow mismanaged public funds, diverting funds for the purposes for which they were not intended, are false—completely false. Everything that we've done with respect to our finances has been with the full agreement, concurrence and close involvement of the central agencies.

Proceedings suspended from 21:16 to 21:31

CHAIR: We will go to Senator Davey.

Senator DAVEY: Dr Johnson, you responded to Senator Pocock that the 2021-22 budget—or extra budget—was to sustain the benefits of the ROBUST program. Are you talking about the \$225.6 million over three years that then transferred to \$143 million per year ongoing?

Dr Johnson: The funding quanta for the sustainment funding—as I said before, the decision was made in the 2020-21 budget and there were no funds appropriated that year. In the 2021-22 budget there was \$3.034 million in capital and \$14.381 million in operating. In 2022-23 there was \$12.672 million in capital and \$52.449 million in operating. In 2023-24, when the full ramp-up started to occur, there was \$73.850 million in capital and \$68.727 million in operating. It's intended at that level, with indexation, to continue as an ongoing measure.

Senator DAVEY: The ANAO reports:

In the 2020-21 Federal Budget, the Australian Government increased the Bureau's overall funding to 'ensure the financial sustainability of the Bureau'. This included '\$225.6 million over three years from 2021-22 (and \$143.7 million per year ongoing from 2024-25) to maintain a proactive asset maintenance schedule consistent with industry best practice.'

You're saying that was all rolled into one. Is your claim that you did not need to report on that separately?

Dr Johnson: Those funds appropriated in the 2020-21 budget were appropriated to sustain the benefits of the ROBUST program. The decision at the time was that they would be absorbed, integrated and incorporated within the Bureau's baseline funding.

Senator DAVEY: So why do the ANAO not mention ROBUST in association with that funding at all, given they are the Audit Office and they are looking at the governance and tracking of federal funds? They say that funding was to maintain a proactive asset maintenance schedule, and their complaint is the Bureau is not monitoring or reporting on the relationship between the federal budget funding and the maintenance schedule.

Dr Johnson: I encourage you to direct those questions to the ANAO. What I can say to you, categorically, is that those funds I just walked you through were funds that were appropriated in the 2021 budget. The decision of cabinet at that time was that those funds would be absorbed into the bureau's baseline budget. There is no requirement to report separately on them. They would be reported as part of our corporate plan and our annual report.

You also said an important thing that I would just like to correct. Those funds are not sustainability funds; they are funds to sustain the benefits of the ROBUST program. As we've talked about in this committee, those benefits are around security, stability and resilience of the bureau's ICT and observing systems. So part of those funds were, yes, designed to support the bureau's observing network, but those funds are also designed and intended to support the running costs for our high-performance computing, for broader technology platforms, for our scientific models—a whole range of things, of which the observing systems are one.

Senator DAVEY: So the modelling you undertook in 2019-20 to estimate the costs over time to maintain and replace all assets based on the assets' installation date and then you then took to government to request additional funding, was that design—

Dr Johnson: There was a business case done to support that budget decision, which had a whole range of dimensions to it, as I've just outlined to you, of which the observing systems are one. The budget decision made in the 2021 budget was based on the figures that were in the business case. That business case included—and the budget decision also included—indexation over time. So they were our estimates at the time of what the costs of maintaining those assets would be.

Senator DAVEY: My reading of the ANAO report is that that business case was about maintenance and replacement of assets.

Dr Johnson: I have to correct you there—

Senator DAVEY: It doesn't talk about ROBUST—

Dr Johnson: No, it doesn't, and this is the really important point—

Senator DAVEY: You have then interpreted the funding parcel—

Dr Johnson: No, it's not an interpretation. This is a really important point, and the commentary that has been made in the public domain is fundamentally wrong and misinformed.

Senator DAVEY: Where was it reported and agreed with the minister—

Senator Ayres: Senator Davey, I've been listening to the exchange. I just think you have to let the official finish answering the question before you move to the next one. I know that you're anxious to move on to the next part, but he is trying to explain. I've heard him try three times now to explain this point. I don't know what it is; I haven't been engaged in these issues; but I ask that you let him finish his response before you press on with questions.

Dr Johnson: Just to be crystal clear, the sustainment funding is to sustain the benefits of ROBUST. The ROBUST investment didn't apply to the entirety of the bureau's operations either. Again, to avoid any doubt, that sustainment funding is designed to support a range of things in the bureau, of which some of the observing assets are part of it but by no means all of it. I don't know why the ANAO didn't refer to that in their report. Their scope is very clear, and you'll see in the front of their report what their scope is. But I can assure you we're using those sustainment funds for the purposes for which they're intended. Everything we've done with the use of that funding we have by agreement in writing from the Department of Finance. So we've behaved entirely appropriately in the deployment of those funds.

Senator DAVEY: There would be somewhere in writing an agreement that explains that this particular bucket of funding that, according to the ANAO, was to maintain a proactive maintenance schedule was part of a broader ROBUST package? That would be in writing?

Dr Johnson: A broader package designed to sustain the benefits of ROBUST, yes. That information is available.

Senator DAVEY: Can you provide that to the committee?

Dr Johnson: Certainly. This is where the public commentary is entirely misinformed, frankly, on the purposes of that funding. It's on the record as part of a budget decision, and, as I said before, everything we've done with respect to those sustainment funds has been with the full concurrence of the central agencies.

Senator DAVEY: To be fair, as I said from the outset, we in this committee, across party lines, have been asking questions about ROBUST, funding and cost blowouts for several years now, and we continue to get a bit of a run-around. We've got an ANAO report that is quite scathing in their findings about your asset maintenance and management regime. We've got farmers who've lost money, and on the back of this report they're now questioning whether they can actually have confidence in forecasting and the observation network of the bureau.

Dr Johnson: Can I respond to that, because again I think there are a whole range of things that are being conflated. I'd point you to the actual performance of our networks, which I think is astounding, really, given the incredibly harsh environment in which those 15,000-plus assets have to operate. When you think about the critical tier 1 assets—our automatic weather stations which record rainfall and our radars—they're all above 95 per cent uptime, and they've been at that level for as long as I can remember. In fact, in some years they have been up to 97-plus. So, if you look at the performance of the network, it's very high. As you correctly point out, the performance of that network is vital in terms of the services we delivered.

So I would say to you and your constituents: judge us on the performance record. It's been strong for a sustained period of time. Yes, we are on a maturity journey in terms of our documentation, but, if I could just point you to the facts of the performance of the network, particularly those critical systems like the radar network, the automatic weather station network and so on, their uptimes have been very high.

Senator DAVEY: I know that you don't own all the flood gauges at the moment, but the flood warning system has been lacking for a while. Did you just say you're on a maturity journey in terms of documentation?

Dr Johnson: Yes.

Senator DAVEY: How old is the bureau?

Dr Johnson: Well, Senator, I can only say to you that when I arrived there was very low maturity in our systems, so we've started the process of improving the way we document and manage our assets. We've had a lot of things that have needed to be done in the bureau in recent years. I wish that we'd had it completed earlier. The ANAO has pointed out in its findings that in many of the things we do we're not fully effective. They have pointed out we're partly effective. I don't interpret it as meaning that the system is broken. It points that we've just got work to do, and we agree with that, and that's what we're doing.

But I'd also say—because again there's been commentary around the performance of the network and people not having confidence in it—that I'm just looking here at the latest statistics: 99.2 per cent uptime for satellite data feeds, 98.6 per cent for wind profilers, 98.5 per cent for automatic weather stations, 96.2 per cent for weather radars and 95 per cent for the flood warning network that we own. As you know—we both share this passion in common—there's a huge footprint of assets out there that we don't own, whose performance isn't great, and we're working hard to address that situation as well.

CHAIR: We're just going to need to rotate the call. We'll go to Senator Rennick.

Senator RENNICK: Hello, guys. How are you going?

Dr Johnson: Good, thanks.

Senator RENNICK: In regard to the solar management instruments having returned no data to stakeholders for almost five years, what is that in relation to? Is that measuring atmospheric temperature?

Dr Johnson: No.

Senator RENNICK: What's a solar measurement instrument?

Dr Stone: Thanks for the question. If you like, the day-to-day solar measurements are done by satellite, and the ground stations are used for calibration and validation of the satellite images.

Senator RENNICK: Okay. So, when it says measurement instruments have returned no data, what does that mean? It's returned no data to whom? You're not recording it? What does it mean?

Dr Stone: The data that customers want is the stuff from the satellites, so that keeps coming. Then, as I said, there's a smallish number of ground stations that you use to calibrate and validate the satellite data. Because the satellite calibration and validation is very stable, you don't actually need a whole heap of ground measurements in order to make sure you're getting the right data out of the satellites.

Senator RENNICK: You've still got me confused here. Are you telling me that you're not reconciling the ground data to the satellite data?

Dr Stone: We do, but we don't do it every day.

Senator RENNICK: But it's saying here that you haven't done it for five years. Is that not correct?

Dr Stone: It's not quite correct, no.

Senator RENNICK: You don't do it every day, but there's a big difference between not doing it every day and not doing it for five years, so where's the truth here? What is it?

Dr Stone: I'm not sure, to be frank. For the ground stations, the data is fundamentally used to calibrate and validate the satellites, and that function is effectively met.

Senator RENNICK: Okay, because that then comes back to a report that was done in 2011 about ways to improve your observation data, and it said you should have multiple thermometers at each weather station so you can check for redundancies. You have redundancy and you can calibrate between the thermometers. How many thermometers do you use on average at a weather station, just the one or two or three?

Dr Stone: I understand it is two.

Senator RENNICK: Are sure about that?

Dr Stone: No, I'm not.

Senator RENNICK: You're not?

Dr Stone: We could ask or bring in Dr Karl Braganza.

Senator RENNICK: The reason I ask is because if this is the point: we need to know the margin of error on these figures because that same report in 2011 had a margin of error plus or minus half a degree, so if we're talking a whole degree—

Dr Stone: We're talking lots and lots of different things here—loads of different things. The satellite data that I referred to for measuring solar insolation across the whole country actually tells you at any point that you would like to know what the solar radiation hitting the landscape is. If you have solar stations you only get a measurement where that station is. They are there for the purpose of calibrating, if you like. The satellite just gives you a bunch of numbers and you need to turn those numbers into a solar energy figure, and that is what the ground stations are used for. Temperature data is a completely different thing.

Senator RENNICK: This article in the *Saturday Paper* seems to imply that spending and delivery of quality assurance on actual outcomes, measuring data, are being underdone. My question to you is: what ratio of your employees at the Bureau of Meteorology are involved in recording the weather and actually maintaining quality assurance over actual observations versus the number of people in the climate division that model and do things like homogenisation? Do you have an overview of the breakup between your staff and the money that is spent between these two? Because one is modelling and one is actual.

Dr Johnson: Maybe I can make a general statement. We have many hundreds of people in our data and digital group. Ms Brinsmead, who is online, can give you the exact numbers of people involved in maintenance.

Senator RENNICK: Is that data and digital group an actual?

Dr Johnson: Peter can answer this in a minute, but we spend more on maintenance on our observing assets in the bureau at the moment than we have at any time since I've been here.

Senator RENNICK: My question here is: what is the ratio between maintenance and actual upkeep of the instruments that record?

Dr Johnson: We would have to get you the numbers on that. But we have a very small team. Peter might want to elaborate here.

Dr Stone: On the measurement accuracy for temperature, to be clear, I know in the past we have discussed measurement tolerance of the equipment. That is the maximum allowable error. It is not the actual error; it is the maximum that is allowed. When we actually look at the uncertainty of temperature measurement, it is very low. We estimate that to be 0.04 of a degree—sorry, 0.084 of a degree.

Senator RENNICK: Is it because you have two thermometers at each weather station?

Dr Stone: They get calibrated at least twice a year.

Senator RENNICK: But that is the point: to calibrate, you have to match one against the other, because you have nothing to calibrate against.

Dr Stone: You don't calibrate thermometers by having two out in the field. They could both drift, so you have reference thermometers that you use. Our technicians go out and actually calibrate that the thermometers used—

Senator RENNICK: It was the recommendation in the peer review back in 2011—

Dr Stone: That has been met.

Senator RENNICK: that you had two thermometers—one for redundancy if one breaks down. It says here that 10 per cent of planned maintenance doesn't take place, that 43 per cent of these incidences did not meet agency targets mean time restore, which means that, if something breaks down, you have gaps in your data series. That was why the report was pushing for two thermometers at every weather station.

Dr Stone: With that independent review from 2011, we have met all but one of the recommendations there and that is the one around digitisation.

Senator RENNICK: So if you met them all you would have two thermometers per weather station. Is that correct? How come you didn't know that before?

Dr Stone: I've answered the question in a different way. I know we have met all except one of the requirements in the independent review.

Senator RENNICK: Okay. I don't want to take up too much time. You're the CEO, Dr Johnson. You do, I presume, monthly management accounts here, where you're looking at your front-end expenditure on actual upkeep of collecting real data, and then you have your model data, your homogenised data, that is based off the real dataset. Your model data is only going to be as good as the real data that you collect—garbage in, garbage out, right? So what is the proportion of expenditure between actual upkeep at the Bureau of Meteorology and what I call homogenised—

Dr Johnson: We'll take that on notice.

Senator RENNICK: But wouldn't you have a rough idea of that in your head?

Dr Johnson: We're talking about a \$700 million business. I don't have the exact numbers. I'd rather give you a correct answer than speculate here. But, as I said in my general comments, we have a very large team—an excellent team, I might add, of dedicated people—

Senator RENNICK: I'm sure they are.

Dr Johnson: who sustain our assets at a very high level of performance and a very small team that deals with the issues that you're referring to. I don't know the exact ratio, but we'll take it on notice and we'll get it for you.

Senator RENNICK: How many employees are there all-up at the bureau?

Dr Johnson: Right now, we have 1,722 in our ASL. I think that number is at December.

Senator RENNICK: And what's your annual budget?

Dr Johnson: It depends on how you count it, but it's between \$700 million and \$800 million, depending on which team you use.

Senator RENNICK: Okay. And most of that ROBUST project is on the actual collection—

Dr Johnson: ROBUST has closed. It closed last 30 June. ROBUST no longer exists.

Senator RENNICK: Okay, but the purpose of that was to upgrade actual—

Dr Johnson: No. The purpose of ROBUST was to look at the security, stability and resilience of the bureau's IT and OT, so—

Senator RENNICK: So that was back-end expenditure?

Dr Johnson: Sorry, I'm not sure what you mean by 'back-end expenditure'.

Senator RENNICK: Your front end is recording all the data, and then you're storing it in IT centres—

Dr Johnson: The bureau has a whole range of information and observing technologies. ROBUST was designed to be a comprehensive injection to make those systems secure, stable and resilient, and it funded a whole range of activities in the bureau, both operating expenditure and capital expenditure. That program has finished, and—going back to the questions from Senator Davey and Senator Pocock—in the 2021 budget we were appropriated funds to sustain the benefits of the ROBUST program. The government of the day took the view that the reason ROBUST was needed in the first place was many, many years of underinvestment in the bureau. The

investment in sustainment funding was to, hopefully, avoid being in the same situation that we found ourselves in in late 2015 and early 2016, where the bureau's systems had been compromised by a state actor and we'd had—I wasn't there at the time—apparently, a number of major system outages. That's what ROBUST was for and what the sustainment money is for.

Senator RENNICK: No worries, okay.

CHAIR: Senator Pocock.

Senator BARBARA POCOCK: I want to go back to the question of spending on maintenance versus ROBUST. I'm looking at the 2020-21 budget paper which has an item 'Bureau of Meteorology—improved security and resilience', which says:

The Government will provide \$254.6 million over four years from 2020-21 to ensure the financial sustainability of the Bureau of Meteorology. This includes:

- \$225.6 million over three years from 2021-22 (and \$143.7 million per year ongoing from 2024-25) to maintain a proactive asset maintenance schedule consistent with industry best practice and allow the Bureau to safely respond to multiple concurrent weather emergency events during times of natural disaster.

You said, Dr Johnson, I think, that you had clear, written support for using funds for ROBUST. Can you give us a—

Dr Johnson: Again, you're mistaken in your commentary. Just let me—

Senator BARBARA POCOCK: I'm not making a comment—

Dr Johnson: Please don't verbal me.

CHAIR: Dr Johnson—

Dr Johnson: I'd like to actually—

Senator BARBARA POCOCK: I'd like to finish my question.

CHAIR: maybe you could allow Senator Pocock to finish her question.

Dr Johnson: Okay.

Senator BARBARA POCOCK: I heard you say to Senator Davey—and please correct me if I have misunderstood—that you had clear evidence in support of the use of funds for ROBUST out of that budget. That's the only item I can see for that, so have I misunderstood?

Dr Johnson: Yes, you have, and I'll try and explain it again. So—

Senator BARBARA POCOCK: I'm asking you for the evidence that you say exists.

Dr Johnson: I'd like to explain, because the premise of your question is inaccurate. The bureau received funding for the ROBUST program, originally \$788 million, starting in, I think, the 2017 budget. It was funded in three tranches, three different budgets. That was a discrete block of funding that concluded in June 2024. That's one package of funding.

Senator BARBARA POCOCK: What additional funding was along the way?

Dr Johnson: No, we didn't get any additional funding—this is the key point. We had the option, when we knew that ROBUST was going to cost us more than what we originally intended when we went to cabinet in 2017, of going back to government and asking for supplementation. As part of those discussions with the central agencies, it was agreed that the preferred way forward was to use the funds that were appropriated in 2021—a separate but related decision of cabinet, and I haven't done the maths, but those numbers you said sound correct—to sustain the benefits of the ROBUST program. The central agencies agreed that the preferred way forward was for us to draw down on those moneys to cover the extra cost of ROBUST in lieu of returning to cabinet for a decision. Those moneys didn't come online straightaway; they ramped up very slowly to the numbers I read out to Senator Davey. In that years the decision was made, no funding came to the bureau—zero. In 2021-22 we had a small bit of funding, and in 2022-23 it ramped up a little bit further, and in 2023-24 it ramped up to the numbers I quoted. Then there's that ongoing funding you referred to.

I think you're conflating two separate but related issues. We absolutely have it in writing from the central agencies, because it was a decision point. We knew that ROBUST was going to cost more, and one of the options was to go back to cabinet and ask for supplementation. The agreement and advice from the central agencies was that that was not the preferred approach, and that we would draw down on that sustainment funding. The purposes for which the sustainment funding was intended were to sustain the benefits of ROBUST, and ROBUST was already delivering benefits. Their perspective was that this was a legitimate use of those funds. That is documented; I can assure you, it is.

Senator BARBARA POCOCK: Could you provide that documentation to this committee, please? I want to go now to paragraph 3.15 in the ANAO report, which says:

In the 2020-21 Federal Budget, the Australian Government increased the Bureau's overall funding to—

They're basically repeating the words I just quoted from the budget.

This included '\$225.6 million over three years from 2021 ... to maintain a proactive asset maintenance schedule consistent with industry best practice.' The funding model involved an annual increase in both capital and operating funding between 2020-21 and 2023-24, at which point the planned ongoing level of funding is set at \$143.7 million per year across all assets within the Bureau.

Did the bureau ever end up developing a proactive asset maintenance schedule consistent with industry best practice, as that budget line and the ANAO believe you should have?

Dr Johnson: Yes, we have, and I'll ask Ms Brinsmead to comment. We do have a very active planning process around active maintenance of the bureau's assets. We had long discussions with the ANAO about this. The bureau has long-term asset plans. Those asset plans are reflected in our budget. Sometimes those plans need to be adjusted as circumstances arise. To give you a couple of examples, we had a cyclone go through the Pilbara a couple of years ago and it took out a radar, and just before Christmas, we had a radar north-west of Townsville, at Greenvale, that was hit multiple times by lightning. These are unanticipated events where we have to modify our maintenance schedules to bring essential equipment back online, and they cannot be foreseen in our planning. To the best extent we can, we bring those nine-year asset-management plans into our budget planning cycle. But from year to year there will be variances and adjustments depending on what happens in the environment—a floodgate gets washed away or whatever it is. We have to make operational decisions that reflect the reality of the environment that we're in.

Senator BARBARA POCOCK: Dr Johnson, you told me you had a lot of back and forward with the ANAO. Do you believe the ANAO report, which raises very serious questions in my mind and, I think, in the minds of this committee, raises issues that should be of concern to you and to the minister in terms of proper maintenance and appropriate expenditure on maintenance in the Bureau of Meteorology?

Dr Johnson: As I've said and attempted to say in previous answers, we have a very positive maintenance schedule. We have a proactive maintenance schedule. We have—

Senator BARBARA POCOCK: No problems here?

Dr Johnson: Can I please finish my answer? We have a proactive maintenance schedule, and we're seeking to manage those assets to that standard of industry best practice. That is our intent. I've acknowledged that the documentation around how we're doing that has room for improvement, and that's what the ANAO recommendations focus on. We've agreed with them. I direct you, again, to the actual performance of the network, which is very high. When I look at our appropriations that we spend on maintenance, the training and the various things that we do, we're spending more on maintenance in our asset network than we ever have. There are going to be some times where our desire to achieve that industry best practice cannot be met because we have to take pragmatic actions to respond to an unanticipated or unforeseen event somewhere else in the network. But, to a large extent, in my view we're fulfilling our obligations around that schedule. It's very challenging, given the number of assets we've got—over 15,000 in the field, many of them in very remote locations—and we're doing our best. Our teams are doing their best.

As I said, the investment the bureau's been making in maintenance on my watch has been increasing year on year. It hasn't been decreasing. This money that was appropriated to us will be very helpful in that regard. As I also said in my previous answers, that money was designed for a whole range of purposes, not just the maintenance of the asset network.

Senator BARBARA POCOCK: I think that we in the Senate place a lot of weight on the ANAO and its very important work. We have a report which raises really serious concerns for me. I hear you characterise them as 'problems of documentation'. That really worries me. In a very important part of the architecture of governance in Australia, in a climate crisis, I hear you characterise it as a 'problem of documentation'. The background to this is very significant—I know you will agree with this; every Australian taxpayer will agree—massive overrun on ROBUST and serious concerns about spending that occurs within the Bureau of Meteorology. That is why our questioning is forensic—

Dr Johnson: These are statements.

Senator BARBARA POCOCK: and I don't think we're going to agree on this, but I think this is more than a documentation problem.

I want to go to another issue within the ANAO, which found that in November last year the staffing level at national observing operation hubs across the bureau were at just 78 per cent of the target full-time equivalent level. My city, Adelaide, has 69 per cent of the target of staffing, and both Sydney and Brisbane have much less. This is a real concern, is it not? We've got well under the staffing levels that we need for this very important work. Why is that level of staffing so low, relative to targets?

Dr Johnson: I'll ask Ms Brinsmead, who runs that area, to answer your question, Senator.

Ms Brinsmead: We acknowledge that currently the national observing operations team is under its staffing allocation. Some of that is attributed to the challenges that we actually do have in recruiting appropriately skilled staff, particularly in some of those cities. Sydney is a particular city that we find very challenging to recruit staff for. We have to go out to market on multiple occasions. We currently have quite a lot of active recruitment underway to try and build those staffing levels up. Once we onboard new staff members, they have to go through the relevant training. So there's lead time to when they're useful. But there is also staff attrition. So keeping up with onboarding staff, with staff departures, is a constant challenge, and we are having challenges maintaining that level at 100 per cent.

Senator BARBARA POCOCK: You have my sympathy in a difficult labour market. I want to go to a contract extension. In your answer to a question taken on notice at the previous hearing, question No. SQ24-000931—sorry; I'm sure you'll have it at your fingertips!—you responded with information relating to nine extensions to a contract you had with Accenture for work originally valued at \$31 million, which eventually blew out to \$75 million. Some of these extensions, you say, were simply to accommodate pre-existing contract options, but there were others where this was not stated as being the case. For example, amendments A6 and A7 together pushed up the price of the contract by \$16,620,000. This, you told us, was due to 'unexpected complexity and scale of build-phase effort'. Now, if we take amendments A1 to A4 into account, which were made for exactly the same reason, it adds to a further \$5.4 million in the taxpayers' bill.

The Australian public is really looking for some reassurance here, and certainly I am, as to why both the agency and the tenderer in this case, the international consulting firm Accenture, underestimated the amount of effort required for this job to the tune of \$22 million. To me that's an enormous amount of 'effort'.

While we're at it, how can we have faith that we're getting value for money, when none of this additional work is open for tender for smaller, local firms? Some of them have told me that they think these big international consulting firms are routinely taking the Australian government and taxpayers for a ride. And it's a massive change in the value of a contract. What is going on inside that?

Dr Johnson: I'll ask Ms Wickham, who is in Melbourne, who heads our procurement. Senator, you went through that very quickly. So I will just check, Michelle, whether you actually caught the contract that the senator is interested in?

Ms Wickham: Yes, I did.

Dr Johnson: Maybe if we could just repeat it, just to be sure we are talking about the same thing.

Senator BARBARA POCOCK: I think she's got it.

Dr Johnson: Have you got it?

Ms Wickham: Yes, I have, thank you, Andrew. All the ROBUST contracts were undertaken through an open tender process, which means that anybody can apply for the work. We had an independent probity adviser overseeing the procurement process for the open tenders. We used the AGS contract templates. It was always envisaged that these contracts would have a design, build and run or support service phase for those contracts, as I think Ms Brinsmead and Dr Johnson have previously advised. As to the contract amendments, there was additional unexpected complexity in the build-phase effort required to investigate, design, build, test and deploy the technology components of the particular platform.

Senator BARBARA POCOCK: I might find that plausible if it were a mere \$500,000, but we're talking not that; we're talking not \$1 million; we're talking \$22 million. How does that happen? It is such a monstrous shift. I am assuming, when you talk about the initial contract being available to open tender, that the massive ongoing contract variations are not available to open tender, are they?

Ms Wickham: Obviously, the work undertaken by the major vendors operates within our bureau-managed projects, and their work, including the amount of effort required, is subject to close oversight by the contract manager, the project manager and then the governance arrangements for each project. Any proposed change to the effort required to complete the deliverables operates under a defined change process. Changes may be based upon bureau-initiated or vendor-initiated proposals. Any proposed amendment is considered by the bureau's delivery

and procurement teams for assessment, and, if validated and supported, proposed to the delegate for decision. And then all amendments, inclusive of the total, are assessed for value for money.

Senator BARBARA POCOCK: How do you monitor 'effort' in that project, Ms Wickham?

Ms Wickham: In terms of how the contracts are actually constructed, some of them are based on different pricing approaches. Sometimes we have fixed price—typically, where there is a greater degree of certainty—but, where there is risk or where the solution design and build follows a period of discovery or where there are significant dependencies, effort based pricing approaches are better suited. This means that, within the contract, at the tender time, labour rates were provided as part of an open tender process, and they were transparently agreed. Primarily, the ROBUST contracts include a mix of pricing elements but are predominantly effort based because of the relatively high degree of risk and uncertainty at the time of tendering.

Senator BARBARA POCOCK: Of the nine subsequent amendments not subject open tender, how many were initiated by Isentia and how many were initiated by the bureau?

Ms Wickham: I would have to take that on notice, but, as I've stated, any proposed amendment is agreed through a rate card that was agreed at the time of an open tender process.

Senator BARBARA POCOCK: Did the bureau consider retendering, at any moment, additional work to ensure that value for money was maintained?

Ms Wickham: The amendments to that contract were not retendered, because we actually did an open and competitive market process, which was overseen by an external probity advisor. Some of the amendments were preplanned and preexisting elements of their contract, and, where amendments reflect an increase in the scale of effort required to complete the work, the scope of the requirement remains materially the same as they were when tendered. Retendering would be materially more expensive at a whole-of-program level than completing the contracted works in flight, representing lower overall value for money and higher security risk, considering the total impacts on the program, schedule and costs.

Senator BARBARA POCOCK: Thank you for that answer. I must say I find it really very mysterious that a contract goes from \$31 million to \$75 million without any open process subsequent to the original tender. I want to go to the question of whistleblowers. It's my final line of questioning—no doubt to your relief. At the previous estimates hearing on 8 November last year, I asked, in question SQ24-000929, whether the bureau keeps records of whistleblower incidents, which I think you took on notice, Dr Johnson. You replied that the bureau does not publish information on whistleblower incidents. Has the bureau, in the last five years, investigated any incidents of unauthorised sharing of information, including information being leaked to the media?

Dr Johnson: I think we've also answered that question in a related question on notice. But I must ask Ms Heward to come to the table to answer that question. I think Senator Duniam asked a question on notice about the matter around investigation of unauthorised—if I can just check. While we're waiting for Ms Heward to come, Senator Duniam asked the question SQ24-000926 around unauthorised commentary, and our answer is there on the record. I'm happy to repeat it if it would be helpful for you. It says:

The Bureau of Meteorology routinely monitors the use of its technology systems, in line with the requirements of the Government's Protective Security Policy Framework.

Senator BARBARA POCOCK: Have you investigated any incidents?

Dr Johnson: I've answered the question. We routinely monitor the use of our resources.

Senator BARBARA POCOCK: I'm not asking whether you routinely monitor; I'm whether you have investigated any—

Dr Johnson: I'm not aware of any formal investigations. Ms Heward can—

Senator BARBARA POCOCK: You have not investigated any incidents of unauthorised sharing of information, including information leaked to the media?

Ms Heward: There have not been any formal investigations of unauthorised leaks to the media.

Senator BARBARA POCOCK: Thank you for your answers.

CHAIR: Thank you very much for joining us today for another fun filled evening. We will now let you go.

Department of Climate Change, Energy, the Environment and Water

[22:14]

CHAIR: I will call officers from the Department of Climate Change, Energy, the Environment and Water in relation to program 3.1: contribute to Australia's national Antarctic interests through science, environmental management and international engagement, including delivering Australia's scientific research and operations in

Antarctica and the Southern Ocean. Welcome, Mr Sullivan and Ms Campbell. Lovely to see you. We'll go directly to Senator Duniam.

Senator DUNIAM: Very quickly, in the last budget, there was an announcement of a multiyear program for repairs and upgrades at Macquarie Island station. When is that work due to be complete?

Ms Campbell: That funding you refer to, provided for Macquarie Island, was provided in budget. That was funding over nine years. I don't have the number handy—I'm sure we can find it—but it was a nine-year program.

Senator DUNIAM: So nine financial years hence—

Ms Campbell: Yes.

Senator DUNIAM: which would be—what are we? It's 2025, so 2034 or thereabouts. That was the original proposal, and you're planning to stick to that timeframe. Are there any contingencies built into that allocation of funding?

Mr Sullivan: I'm trying to work out where you want to go with that, Senator, in terms of the question. We talk about contingencies in terms of it being a difficult project to deliver—

Senator DUNIAM: Very.

Mr Sullivan: primarily because—well, for a range of reasons—access to Macquarie Island itself is really difficult. So we're looking at other options as part of that nine-year program to potentially help out with that, because if we do get delays in terms of weather then we've got to try and make that up. Yes, we are planning for that and trying to plan over that longer horizon, remembering that at the same time we're doing sustainment works on Macquarie Island to try and make sure it's as safe as possible while we build the new facilities.

Senator DUNIAM: Is there a standard formula for contingencies for these sorts of remote projects as part of the Antarctic program, like a certain percentage you'd build in? As you say, it's not like a school or another civil project.

Mr Boxall: There is some contingency built in. As you're no doubt aware, the difficulty we work under in relation to Macquarie Island is that you can never really predict moving forward, but there is some contingency built into the funding. Importantly, I think I've picked up your first question in relation to—was there a question in regard to what we're doing the moment or moving forward?

Senator DUNIAM: If you'd like to tell me—actually, my next question was going to be, in terms of the upfront expenditure of that money, is it being spent as we speak? Since the last budget, is there now work underway?

Mr Boxall: We're actively working on the project at the moment.

Senator DUNIAM: Can you tell me, in brief, what that is.

Mr Boxall: At the moment, we're in the design and procurement phase.

Senator DUNIAM: Okay. Fair enough.

Ms Campbell: While we're also continuing, as Mr Sullivan talked about—

Senator DUNIAM: The sustainment—

Mr Sullivan: Correct.

Ms Campbell: the critical sustainment work. For example, this season there have been upgrades to roads and accommodation for expeditioners.

Senator DUNIAM: Sure thing. Okay. Where are we at with the Hobart wharf Mac 5—or Mac 6, rather—project? Was it \$180 million or thereabouts allocated?

Mr Sullivan: It was a \$188 million capital contribution. I'll get Ms Campbell to talk about progress with the Tasmanian government, but for the record it's not just about building the wharf. It's for priority access to the wharf for 30 years. It's continuing access to portside facilities. It is access to shoreside power suitable for *Nuyina*. It's also coupled with a promise from the Tasmanian government for a refuelling option as well as, basically, a measure of good faith for us to work through future portside infrastructure needs. But, in terms of where we're up to with that deal, I'll pass to Ms Campbell.

Ms Campbell: Since the government provided that funding in the MYEFO we've been working with the Tasmanian government. The minister and the Premier have signed a Federation Funding Agreement for that funding to flow, and it'll be available publicly very shortly. It's with Treasury. So we're continuing to work with Tassie on the milestones under that agreement.

Senator DUNIAM: Does any of the work on the wharf go to the strengthening of the wharf? Or is that for the asset owner, the Tasmanian government, to deal with?

Ms Campbell: Under the terms of agreement, the Tasmanian government and TasPorts will build a new wharf at wharf six, and that's what that funding is for.

Senator DUNIAM: What's the latest on the refuelling option?

Mr Sullivan: Perhaps, Mr Boxall, you've got the latest information.

Mr Boxall: We've been working with the Tasmanian government to assist them in developing a solution. They have gone for an expression of interest for the Port of Hobart Refuelling Solution. It went out on 7 February and the EOI closes on 6 March.

Senator DUNIAM: On the wharf rebuild that the Tasmanian government are going to undertake, have they as part of the agreement that they signed with the Commonwealth given an end date to when they might get that done?

Ms Campbell: Our planning is that all the works would be completed within the 2028-29 financial year.

Senator DUNIAM: Okay, all done by then. Very good. Going back to the Macquarie Island allocation of funding over nine years, what is it per year over that nine-year period?

Ms Campbell: It moves around a little bit. I don't have that funding profile in front of me, but we can certainly take that on notice.

Senator DUNIAM: Sure. Have you at least got the next four years? That's in the budget?

Ms Campbell: That's in the budget.

Senator DUNIAM: The only other question I had was, how are you going finding a chief scientist?

Ms Campbell: I've advertised for the position. We've got an active recruitment process underway, and I think that closes in a few weeks—so, looking forward to that.

Senator DUNIAM: I have no further questions.

CHAIR: That concludes our hearing for today. Thank you to all the witnesses who appeared and to Hansard, to broadcasting and, of course, to our committee secretariat, who always do a spectacular job. I'll remind everyone that the written questions on notice should be lodged with the secretariat by 4 March.

Committee adjourned at 22:22