



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

ENVIRONMENT AND COMMUNICATIONS LEGISLATION
COMMITTEE

Estimates

(Public)

THURSDAY, 27 MARCH 2025

CANBERRA

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ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

Thursday, 27 March 2025

Members in attendance: Senators Bilyk, Blyth, Cadell, Darmanin, Davey, Duniam, Grogan, McAllister, McKim [by video link], Roberts, Van and Whish-Wilson

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

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

Senator McAllister, Minister for Emergency Management

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

Mr Robert Hanlon, Division Head

Ms Jill Mand, Branch Head

Information and Communications Technology Division

Mr Grant Rebikoff, Acting Chief Information Officer

Legal

Ms Kate Lalor, Chief Counsel

People Division

Mr Tim Spackman, Chief People Officer

Portfolio Strategy Division

Ms Michelle Croker, Division Head

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

Ms Melina Saunders, Branch Head, First Nations Branch

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

Ms Anita Agett, Branch Head, Communications and Media Branch

Ms Claire Rochecouste, 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, National Adaptation Policy Office Branch

Mr Chris Johnston, Branch Head, Climate Active, Risk and Disclosure Branch

Ms Nicole Thomas, Acting Branch Head, Climate Change Policy Branch

Electricity Division

Ms Kirsty Gowans, Division Head

Ms Electra Papas, Branch Head, Electricity Markets Branch

Mr James White, Branch Head, Consumer Energy Resources Branch

Ms Nadia Rosenman, Branch Head, Rewiring the Nation

Mr Paul Johnson, Special Adviser

Ms Mel Pang, 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

Mr Lachlan Bickley, Acting Branch Head, Energy Security, Crisis Response and GEMS

Gas and Liquid Fuels Division

Ms Paula Svarcas, Division Head

Mr Cris Cano, Branch Head, Liquid Fuels Strategy and Security Policy Branch

Mr Hew Atkin, Branch Head, Gas Markets Branch

Mr Andrew Pankowski, Branch Head, Gas Infrastructure Planning and Policy Branch

Ms Jennifer Anne, Branch Head, Liquid Fuels Strategy and 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 Michael Bartlett, Acting Branch Head, Renewable Energy Superpower Branch

Ms Sharon Traucki, Acting Branch Head, Strategic Partnerships Branch

International Climate Negotiations Division

Mr David Higgins, Acting 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

Ms Linda McGrath, Division Head

Mr Adam McKissack, Branch Head, Office for Energy Economics

Mr Matt Minchin, Branch Head, National Climate and Energy Partnerships Branch

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 Chloe Bird, Acting Division Head
Ms Rachel Burgess, Branch Head, Chemicals and Atmosphere
Ms Jane Cronin, Acting Branch Head, Waste and Resource Recovery Policy
Ms Cath Geiger, Branch Head, Partnerships, Infrastructure and Analysis Branch

Environment Information Australia

Ms Jane Coram, Division Head
Ms Lisa Nitschke, Branch Head, Environmental Economics, Science and Reporting Branch
Ms Juanita Pettit, Branch Head, Environmental Data and Analysis 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 McMorrow, Branch Head, Regional Planning and Landscapes Branch

Ms Katrina Purcell, Branch Head, Environmental Policy Integration Branch

Nature Positive Regulation Division

Mr Bruce Edwards, Division Head

Ms Kylie Calhoun, Branch Head

Mr Tim Wyndham, Branch Head

Mr Declan O'Connor-Cox, Branch Head

Ms Rachel Short, Branch Head

Ms Kate Gowland, Branch Head

Nature Positive Taskforce

Mr James Tregurtha, Division Head

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

Ms Anna-Liisa Lahtinen, Branch Head, Legislation and Policy Branch

Parks Australia Division

Ms Tia Stevens, Branch Head, Uluru-Kata Tjuta National Park and Indigenous Protected Areas

Outcome 3

Australian Antarctic Division

Ms Emma Campbell, Head of Division [by video link]

Ms Kelly Buchanan, Branch Head, Policy and Strategy Branch [by video link]

Ms Rhonda Bartley, Acting Branch Head, Science Branch

Ms Dani Yannopoulos, Branch Head, People and Culture Branch

Mr Phillip Boxall, Branch Head, Assets and Technology Branch [by video link]

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

Outcome 4

Water Infrastructure and Investment Division

Ms Ruth Wall, Division Head

Mr Mark Darrough, Branch Head, National Water Grid Branch

Ms Christine MacRae, Acting Branch Head, Water Recovery Branch

Ms Fiona Yule, Branch Head, Murray-Darling Basin Infrastructure Program Delivery Branch

Ms Tanya Koeneman, Branch Head, Upper Murrumbidgee and Murray-Darling Basin Joint Venture Branch

Ms Lou-Ellen Martin, Branch Head, Water Support and Water Efficiency Labelling and Standards Branch

Water Policy Division

Mr Matthew Dadswell, Division Head

Mr Phil Coates, Branch Head, Murray-Darling Basin, Economics, Evidence and Engagement Branch

Agencies and Statutory Authorities

Australian Energy Regulator

Mr Justin Oliver, Deputy Chair

Ms Anthea Harris, Chief Executive Officer

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

Mr Geoff Purvis-Smith, Executive General Manager and General Counsel, Legal, Corporate and Governance

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 [by video link]
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 [by video link]
Mr Benjamin Haydon, General Manager, Portfolio Management [by video link]

Director of National Parks

Mr Ricky Archer, Director of National Parks [by video link]
Mr Robert Hanlon, Chief Operating Officer
Ms Jill Mand, Branch Head, Property and Physical Security
Mr Otto Menzel, Chief Financial Officer
Mr Shaun Barclay, Branch Head, Marine and Island Parks
Mr Jonathon McLeod, Branch Head, Kakadu National Park and Cultural Heritage
Mr Peter Donohoe, Branch Head, Booderee National Park and Joint Management Support Unit
Ms Tia Stevens, Branch Head, Uluru-Kata Tjuta National Park and IPAs
Dr Barbara Musso, Branch Head, Strategy and Coordination

Emissions Reduction Assurance Committee

Professor Karen Hussey, Chair
Ms Kath Rowley, Division Head, Emissions Reduction Division

Murray-Darling Basin Authority

Mr Andrew McConville, Chief Executive [by video link]

Committee met at 09:01

CHAIR (Senator Grogan): Good morning, everybody. I declare open this hearing of the Environment and Communications Legislation Committee into the 2025-26 budget estimates. I begin by acknowledging the traditional owners of the land on which we meet and pay our respects to their elders past, present and emerging. The Senate has fixed Thursday 29 May 2025 as the date for the return of answers to questions taken on notice. The committee's 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. 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. Any questions going to the operation or financial position of the departments and agencies which 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 shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution does not preclude questions asking for explanations 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 interest 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 remind senators of their obligations under the Behaviour Code for Australian Parliamentarians to treat witnesses with dignity, courtesy, fairness and respect. I intend to uphold those obligations. 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]

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

Senator Ayres: No. Thank you for the offer.

CHAIR: Mr David Fredericks is the 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.

CHAIR: Before we commence, I will valiantly, as I always do, attempt to explain to people what corporate affairs is before we commence with corporate affairs. This part of the program relates to matters to do with central departmental administration, such as building services, ICT, staffing levels and media procurement. Questions relating to individual policies and programs should be addressed to officials when specific programs are considered in subsequent sessions.

Senator CADELL: I have a few questions on the EAP regulation and the report of the Senate Select Committee on Energy Planning and Regulation in Australia. Recommendation 5 in the final report is that the department publish the terms of reference and operating charter for the EAP. Has that been done yet?

Mr Fredericks: I'm not sure I can help you immediately. We're struggling with that.

Senator CADELL: Okay.

Ms McCulloch: Senator, we'll have to take that on notice.

Mr Fredericks: I want to help. We always use acronyms. Sometimes we just forget them.

Senator CADELL: Energy advisory panel.

Mr Fredericks: Okay. If you're okay, can we deal with that, please, in the next item? It will be in energy.

Senator CADELL: It is a departmental question. It is a website matter. That's fine. I want to move to COP31. What is the status of discussions around Australia potentially hosting COP31?

Mr Fredericks: Senator, strictly, this is climate.

Senator CADELL: It's not departmental. I'm happy to move it.

Mr Fredericks: Okay. It will be on in half an hour.

Senator CADELL: It will be quicker than that because that's all I've got on corporate.

CHAIR: Ms McCulloch, you can go home now. Delightfully, let us move on.

Mr Fredericks: We are good to go. We will bring our climate crew up.

[09:06]

CHAIR: Excellent. Let's go there. We're all done. That concludes the examination of corporate matters with the Department of Climate Change, Energy, the Environment and Water. Long may this trend last today. I would now like to call officers from the department in relation to outcome 1, program 1.1, Reduce Australia's greenhouse gas emissions.

Senator BLYTH: The government has only achieved 2.2 million tonnes of emissions reduction in the past 12 months, yet the Climate Change Authority says we need 15 million tonnes per year to reach the 43 per cent target. The government is running at around one-seventh of the pace needed. Is it still on track to achieve 43 per cent?

Ms Munro: Senator, a few of our officers are still coming to the table.

Mr Fredericks: They are coming from downstairs. They are charging up the lift.

Ms Munro: The short answer is yes. We published our projections at the end of last year. That does track where we currently are and are expected to be in 2030. They is the most comprehensive set of estimates that the department has produced.

Senator BLYTH: Really? Even though we're at one-seventh of what is projected, we're still think that 2030 is achievable?

Ms Munro: Yes. Our projections show that under the baseline scenario, we're projected to be actually three per cent below the emissions budget over the period 2021 to 2030 and 42.6 per cent below 2005 levels in 2030. That's just shy of, obviously, the 43 per cent target.

Senator DUNIAM: So how many tonnes of emissions reduction has been achieved in the last 12 months?

Ms Rowley: The latest estimate of Australia's emissions, which is from the September quarter published last month, is that our emissions are 434.9 megatonnes of CO2 equivalent. That is 29 per cent below 2005 levels. It is 0.5 per cent below the previous year to September 2023. So it's a small reduction year on year. It is currently sitting, it is estimated, at 29 per cent below 2005 levels.

Senator VAN: So 439 megatonnes of CO2 equivalent, did you say?

Ms Rowley: It is 434.9 megatonnes.

Senator BLYTH: I want to go to that. What have we achieved in reductions, then, in the last 12 months? Rather than looking at what, I guess, we've done in comparison, I'm trying to figure out how we get to still be on target for 2030.

Ms Rowley: Thank you, Senator. There are two different issues here. There is where we currently sit relative to 2005 or relative to last year and there's what we anticipate the policies and measures that are now in place will achieve over the period to 2030. When we talk about whether we are on track to achieve our target, we typically look at both. We look at whether we are making progress relative to the end game and what the policies and measures—many of which have either only recently been implemented or entered into force and, therefore, are yet to flow through to economic activity in Australia's emissions—are expected to achieve over time. The initial figures quoted relate to our annual emissions projections, which is looking at the impact of the policies and measures that have been implemented and the outlook to 2030. Those projections run out to 2040 as well, but we focus on 2030 given that is where the target is legislated for. Every year, we publish our actual emissions year on year. We do a quarterly update to them, which is the figures I just cited.

Senator BLYTH: So we're looking at projections. What are you projecting in the next 12 months in terms of emissions reductions?

Ms Rowley: Whilst our emissions projections do present the full-time series data, they are more relevant over longer periods because emissions in any particular year tend to move up and down a bit depending upon a range of factors, including climate's impact on the land sector, on consumer behaviour, such as transport and travel activities, and a whole range of things.

Senator BLYTH: I will keep trying to get to the bottom of it. So if in the past 12 months we've had real emissions reductions of 2.2 million tonnes, what did you project would be the reduction in the previous 12 months? Where are we sitting compared to projections that you had versus what was actually achieved?

Ms Rowley: I don't have to hand last year's projections for the year relative to that. I could take that on notice.

Senator BLYTH: That would be great. If you can get that to us by the end of the day, that would be great.

Ms Rowley: I'm happy to see what we can do.

Mr Fredericks: We'll take it on notice. We'll do our best. In this day, I know you're all going to say, 'Can we please have it by the end of the day?' I'm going to comply with the rules of the Senate, which is that we will take it on notice. We'll comply with the rules of the Senate.

Ms Rowley: Senator, I will reiterate my previous point. Emissions projections are about the medium and longer term impact of policies. Those methods aren't really geared towards trying to estimate year on year change because they are affected by those other factors.

Senator BLYTH: I want to allow you to understand where I'm going. If we have projections and then we've got actuals and they are a long way away, how can we keep saying that we're still on track?

Ms Rowley: I will explain that a bit. The things that are really important in the outlook to 2030 are the policies that have been implemented over the last three years. Some of the key ones are the safeguard mechanism, which puts binding emissions baselines on to Australia's more than 200 biggest emitters. Those baselines ratchet down at 4.9 percentage points a year. There is a legal obligation on those industrial facilities to meet those baselines. There are a range of compliance arrangements. That covers around 30 per cent of Australia's total national emissions. We've got now a legal regime in place that ratchets those emissions down year on year. That has now commenced. It has already had its first full compliance year. We're starting to see changes to industrial emissions activity driven by that policy.

In addition, the government's implemented a fuel efficiency standard for new light vehicles. Light vehicles account for about 12 per cent of Australia's emissions. The new vehicle efficiency standard, which entered into force on 1 January this year, imposes standards on the emissions efficiency of new vehicles entering the Australian market. It will drive over time the change in Australia's vehicle fleet towards cleaner vehicles. That's another way that we are confident that emissions reductions will start to be visible in the economy.

I will make one more point. The final policy that is enormously important is the transformation of Australia's electricity sector through the government's 82 per cent renewables target by 2030. The policies that are backing that in include Rewiring the Nation and, very importantly, the expanded Capacity Investment Scheme, which, again through the deployment of new clean energy, is reducing our reliance on fossil fuel energy and, therefore, reducing electricity sector emissions.

Senator BLYTH: I think it's probably fair to say from that there are a lot of assumptions about what the market will do. I will go to vehicles as one example. Australians in the regional workforce buy big utes. It is unlikely that they will go to a more efficient vehicle because they need particular cars for particular work that they are doing. Is it fair to say, then, that we are on target as long as all of these things go absolutely right and how you intend?

Senator Ayres: No, Senator. The first part of that set of observations absolutely flies in the face of the reality of what is happening in the vehicle market around the world.

Senator BLYTH: What is that based on?

Senator Ayres: Allow me to answer the question. I have listened to your questions quietly for the last 15 minutes or so.

Senator BLYTH: Well, five.

Senator Ayres: Major vehicle manufacturers, including the firms who make larger utes, are moving to electric vehicles. That is just the case. As you say, people aren't being required to buy a particular vehicle. Fuel efficiency standards have changed so that we're not hanging out with Russia and a couple of others who haven't had fuel efficiency standards. I know that it was something that your colleagues opposed before you arrived here. Australia had become the dumping ground for the world's lowest fuel efficiency vehicles. That has adverse consequences for people who buy those vehicles. What ends up happening is that they pay a lot more for petrol and diesel. They have to buy more because the vehicles are less efficient. It is also true that the vehicles emit more. That is the case. I remember your now leader in the Senate running around saying that fuel efficiency standards and all these sorts of things would end the weekend, which I think everybody recognises now is one of the sillier things that has been said in recent times in politics. The more substantial point is that the policy inertia over the decade before we came to office has taken a long time to resolve. It is not just turning a giant ship around; it is trying to pull it out of the swamp at the same time.

There was disinvestment in the electricity sector. New electricity is not built in a day or even in three years. It takes time. Industrial firms work with the government through the safeguard mechanism or all of the other supports that the government is offering to make themselves less emissions intensive and more internationally competitive. Those projects take time. What the official has outlined to you is completely reasonable in terms of the initiatives that the government has undertaken and the impact of those initiatives. We have set targets. We have a very substantial program. Australians are experiencing every day the outcome of the Abbott, Turnbull and Morrison governments' failure, particularly in electricity prices. We are seeing price rises driven by the old electricity system—that is, coal generators that every single day of the year have unplanned outages. They are becoming more and more expensive to maintain and more and more expensive to run. While I welcome your deep interest in emissions reductions, it is a bit hard to stomach given what we have seen as we have tried to recover from a period of disinvestment and utter energy system failure, particularly during the last Morrison period, where apparently your team wants to go back to. It is challenging for industry and challenging for the electricity system. We are working through those questions in a way that Australians elected us to.

Senator BLYTH: Australians are paying more for electricity. They are going to be slugged more for their utes.

Senator Ayres: Yes, and it's your team's fault.

Senator BLYTH: They are going to be slugged more for a four-wheel drive. You are saying that the 2.2 million tonnes that you have achieved is somehow better than the 12 million tonnes that the coalition achieved. It's hard to stomach the assertions that you are making because the facts actually say something completely different.

Senator Ayres: Let's break those things up into a few different pieces. You make claims about prices for vehicles. I don't see any substantiation of that position. In terms of electricity prices, we are reaping the whirlwind of what happens when government sits on its hands and denies the reality of what is going on in the world. When electricity generation leaves the system and is not replaced, it makes electricity more expensive. When coal-fired generators are retired because they are breaking down and they have not been replaced with new electricity generators, it makes electricity more expensive. That is not something that happened as a result of the Albanese government's policies. That happened as a result of the Morrison, Turnbull and Abbott governments' total incapacity to be able to marshal an effective energy policy response.

Senator BLYTH: No.

Senator Ayres: Famously, 23 times they tried to land a policy response. What that does is send that sovereign risk message to investors and the market, which is why there was disinvestment. People found other places around the world to invest in energy and industrial production. That is why manufacturers just gave up on Australia.

Senator DUNIAM: Revisionism.

Senator BLYTH: It is, isn't it?

Senator Ayres: That is why they gave up on Australia. We are working with industry and the sector and doing the things that are required to happen in order to modernise our electricity system and create investment in our electricity system. You can see that happening every day of the week. High power prices are a result of your policy failure.

Senator BLYTH: When will they come down?

Senator Ayres: Electricity prices will rise if Peter Dutton is elected as the Prime Minister because your plan, if you can call it a plan—it is the loosest possible interpretation—

Senator DUNIAM: She asked when they were coming down.

CHAIR: Senator Duniam, you have been asking for there to be respect when asking questions.

Senator DUNIAM: I raise a point of order, Chair. Senator Blyth asked a question about when prices would come down. I'm not 100 per cent sure whether talking about someone else's plan is an answer to the question Senator Blyth asked.

CHAIR: Given the minister hadn't finished answering the question and was broadly in the zone of the topic—

Senator DUNIAM: Broadly. That is a very broad definition.

CHAIR: I will allow him to finish.

Senator Ayres: I also note that, like a number of your colleagues, Senator Duniam, you say someone else's plan now as if it isn't your plan.

Senator DUNIAM: Oh, no. It's our plan. It's not yours.

Senator Ayres: Oh, no.

Senator DUNIAM: Just not yours.

Senator Ayres: When challenged, everyone has gone awfully quiet about the \$600 billion nuclear reactor plan.

Senator DUNIAM: They're your numbers.

Senator Ayres: The proposition that works in a slogan, I suppose, at some level if you are talking to Liberal Party branches unfortunately doesn't work in reality. In the real world, your plan just returns us to disinvestment and energy system failure. That is more of the same back to the Morrison period, where nothing worked and nothing went well.

Senator CADELL: What is the answer? When are the prices coming down? You said you were going to answer it. That was a lead-in. Where is the answer?

Senator Ayres: Electricity prices are lower in an environment where investment is occurring in new low-cost energy than if nothing is being built. Under your show, nothing got built. One idea is that it's a successful approach to the electricity system to sit on your hands and do nothing. If that is the case you want to make to the Australian people, go right ahead.

Senator DUNIAM: When are the prices coming down? Where are they at today compared to when you were elected? That's what I'm asking.

Senator Ayres: You know that prices have been very challenging in the electricity system driven by two principal factors. One is disinvestment when you lot were in charge. It is driven by that disinvestment and largely by the legacy generators, not new generation. As anybody who has ever worked in them or been to them would know over the last 20 years, they are running out of life. Mr Littleproud said that we should sweat them, I think, as if that's a real thing. They've also been driven by developments in the international energy market, principally Russia's illegal war of invasion in Ukraine. We are going to take responsibility for building an electricity system that drives down prices as quickly as possible. Of course, while this is going on, particularly while there are broader inflationary pressures in the economy, we have provided support to Australian families and businesses. That's our approach. Your approach is a return to the same policy torpor and failure, which characterised your period in government, without having learned any lessons about that and, in addition, a \$600 billion taxpayer funded plan that, at best, would deliver electricity in the mid-2040s. That's a pretty strong contrast. We're very relaxed about making that case.

Senator DARMANIN: I have questions about the safeguard mechanism. Could you take us through what the emissions projections show about the role of the safeguard reforms in reducing emissions over the next 15 years to 2040?

Ms Rowley: I might make some opening remarks and my colleagues responsible for the safeguard mechanism might want to add. The emissions projections take a detailed look at the expected emissions impact of the safeguard mechanism. They drill into a range of impacts of that both on firm behaviour on site as well as firm participation in the flexibility mechanisms that sit under the safeguard. At the headline level, if you want to look out as far as 2040, we anticipate that the safeguard mechanism could drive cumulative emissions reductions of around 1,000 million tonnes of carbon dioxide equivalent. That is a very significant abatement measure. That impact builds over time. The baselines start from where they are, but they ratchet down year on year. We anticipate in the order of around 40 million tonnes in the year 2030 growing to I think around, from memory, 90 million tonnes by the year 2040.

There are a couple of other things I would talk about in terms of the emissions projections. As I said, this is set out in detail in the document. Because it provides a direct incentive for emissions reductions, the safeguard drives changes in fuel use. The projections provide details of significant reductions in the use of natural gas, coal and diesel. They also highlight the increased use of clean energy sources, particularly things like electricity and biofuel. Because of those flexibility mechanisms that I mentioned, they drive demand for emissions reductions in other parts of the economy through the Australian carbon credits scheme. I will hand to my colleagues now.

Ms Lea-Perry: Nothing to add.

Senator DARMANIN: You talked about some numbers there. I am reading figure 16 of the emissions projections. I don't know how these add up compared to what you just talked about. There is 40 million by 2030 and 90 million by 2040. I don't know if that was one year or not. Figure 16 shows that the reforms result in 500 million tonnes of onsite abatement—

Ms Rowley: That's right.

Senator DARMANIN: to 2040 and another 400 million tonnes of cumulative abatement from ACCUs.

Ms Rowley: That's right.

Senator DARMANIN: How significant is this amount of abatement in reaching net zero?

Ms Rowley: The safeguard is—as I mentioned in my response to the previous question—one of the key measures that is going to help decarbonise Australia's economy. As I mentioned earlier, the safeguard covers about 30 per cent of Australia's greenhouse gas emissions. It establishes a mechanism that can credibly ratchet those emissions to net zero by 2050. I note that, of course, like all of our policies and measures, it will be reviewed and adjusted over time as appropriate. In its current form, it could credibly take 30 per cent of Australia's emissions to net zero. It's a very significant measure.

Senator DARMANIN: If heavy industry that is covered by the safeguard doesn't start making significant investments to cut emissions in the next decade, what would the risks be to achieving those targets of net zero by 2050?

Ms Rowley: I guess that it depends a bit on what the alternative is. I would rather not speculate about what might happen. I think that we just focus on what current policies are and what they are contributing. Even just referring to the figure that you pointed to, if no safeguard facilities took action to reduce their emissions, which seems an unlikely scenario, all of that onsite abatement that you referred to, which is around 500 million tonnes over the period to 2040, would not occur absent other drivers for that activity.

Senator DARMANIN: But on current assumptions and current planning it is a significant reduction, according to your analysis?

Ms Rowley: Absolutely.

Senator DARMANIN: Thank you.

Senator DUNIAM: I will go back to price. Minister, we were asking about the time line to achieve price reductions in electricity. At the last election, the promise was bring down power prices by \$275, from memory. When do you intend or expect that reduction will be achieved?

Senator Ayres: What I expect is that in an environment where there is a government that has a plan to put more generation capacity into the grid, prices will be lower under the alternative that does three things. Firstly, a return to policy inaction means that investors just find other places to go. That is the thing about sovereign risk. They go to places where there is a stable policy environment. They might go to the Philippines, for example, which was a more stable policy environment for energy investment during the Morrison period than Australia was. Almost anywhere else in the world was. That is why nothing was built and why electricity generation and transmission projects stalled. Secondly, in an environment where the alternative policy is far more expensive, funded by taxpayers, puts electricity prices up and is predicated on a core assumption, then electricity

manufacturing goes offshore, like the aluminium sector. That is a worse environment for investment. That is the alternative plan.

The incapacity to be able to bring new generation and transmission to the system means that generators that have finished their productive life will cost billions of dollars more every year to try to keep them puffing along. They are unreliable and closing down every day of the week because they just can't be sustained. That will mean that electricity prices will be more expensive both in the short term and in the long term. You might want to wish it away with slogans and cheap politics, but at the end of the day they are the fundamentals of the electricity market. It behaves just like other markets do. That is the plan we've got on with. There has been very substantial new electricity introduced into the system. There is a long way to go. It is not possible to fix a decade of economy wrecking failure in five minutes. If your team hasn't learned the lessons of that, that is, I suppose, a matter for you.

Senator DUNIAM: Thank you. So my question was when the government intends to meet the commitment that was made of around \$275. You didn't answer that. I wonder if you could. Let's talk about what is possible. You are talking about whatever cards have been dealt. You talk about the previous government. You talk about international factors. Taking all of that into account—I will let you go with that—when do you expect power prices will go down to the point that was promised at the last election?

Senator Ayres: I answered the question. You say it as if there's no responsibility for—

Senator DUNIAM: No.

Senator Ayres: the Morrison period. It is as if it were just an accident, as if you and your colleagues don't bear responsibility for what is now a less competitive Australia because of your policy failure. There are higher prices and more market dysfunction because of your policy failure. It turns out that government actually matters and decisions that governments take actually matter. Policy inaction and sovereign risk are big factors in investment decision-making. The Australian Energy Market Commission projects that retail prices will fall by 13 per cent over the next decade if we stay the renewables course. The Albanese government's position here is more renewables, more storage, gas peaking capability and modern transmission capability. There is not a single sensible expert who believes that will do anything but produce lower prices and more reliability than a plan that isn't a plan. There's nothing on offer from the Dutton-Barnaby Joyce-David Littleproud show that will do anything but put electricity prices up.

Senator DUNIAM: Thanks. Again, I'm seeking to understand when your policies will assist in having Australians—

Senator Ayres: I—

Senator DUNIAM: I will just finish my question first, if I can.

Senator Ayres: Of course. I'm anxious to answer it to assist you, Senator Duniam, so I don't mean to interrupt. I'll try not to interrupt.

Senator DUNIAM: This is the longest non-interruption I have ever heard!

Senator Ayres: Really, it's the comic effect and nothing else, but go for your life.

Senator DUNIAM: It's a serious matter, though—people's power prices.

Senator Ayres: If only your side of politics took it seriously.

Senator DUNIAM: That's why I'm asking when you think—

Senator Ayres: It's not why you're asking, Senator.

Senator DUNIAM: I will ask my question.

Senator Ayres: Please.

Senator DUNIAM: You can try to impugn my motives as much as you like. I am trying to understand when, with your policies, you will be able to achieve the promise made to the Australian people at the last election, which was a reduction of power prices by \$275 a year. I believe that it was this year it was supposed to take effect. That will not happen. Given that power prices are, as I understand it, \$1,300 higher on average than at the time you took government, when will that happen? You say that being in government matters and that what a government does matters. I want to explore what your government has done and, therefore, what you've done. When will it result in what you promised last time around? What date do we expect to see that reduction of \$275?

Senator Ayres: All I can say to you, in an effort to assist coalition senators to understand something that which has been wilfully misunderstood, is that electricity prices will always be lower under a government that has a sensible plan for the electricity system than under a Dutton government. That is all I can tell you. If we have a

return to the Morrison period of nothing being built and plenty of generation capacity closing down, it is axiomatic that electricity prices will rise. We could build publicly funded—because no private sector investor on earth wants to do it—nuclear reactors in communities that don't want them and that will produce too little power sometime in the 2040s. Even if we accept the conservative assessment that says it will cost about \$600 billion, that will make electricity more expensive. In addition, as Mr Dutton has had to concede, it will involve very significant cuts to the public services and support that Australians expect from their government. I would have thought it hard to make things worse than the Morrison period, but that appears to be a course of action that your side of politics is committed to. It is what happens when you try to project energy policy into your Liberal Party branches rather than into economic reality. That's what the sad fact of this is.

Senator DUNIAM: Can you tell me when the government, under its policy settings, expects to be able to give Australians a \$275 per year reduction in their power prices? What year? What month?

Senator Ayres: All I can say to you is that electricity prices will be lower under an Albanese government than they would be under a Dutton effort to try to return to the policy catastrophe that was a cause of disinvestment, capacity failure and increases in prices under—I keep getting Peter Dutton and Scott Morrison confused; forgive me—the Morrison, Turnbull and Abbott catastrophe. Try to ask it in a different way and see if you get a different response.

Senator DUNIAM: An answer.

Senator BLYTH: A promise was made prior to the last election based on where we were at the time. I don't think it's unreasonable. You are asserting that power prices will be higher under a coalition government, but we can see that people are paying more now than they've ever paid before. On what basis are you making those assertions when you can't even deliver on a promise that was made three years ago as to when you can achieve that as a government? I think it's fair for the Australian people to get to the bottom of that.

Senator Ayres: As we've been canvassing this morning, it's very straightforward. If you don't build the generation capacity, prices go up. It's what happens. If you do that for a decade, it has a long lag in the system. That's the truth.

Senator BLYTH: But you made that promise based on what was happening at the time.

Senator Ayres: If you don't build the system, prices go up. We're very happy to have the officials answer questions and be very open about this. The government has been very transparent about these things. If you behave like the last government did, it has an effect in terms of disinvestment and sovereign risk—something that we associated with other countries, not Australia, in the past. We used to have an approach. I thought the Liberal Party was all for trying to create the right conditions for investment, not scare investment off, sending billions of dollars worth of electricity projects and manufacturing jobs offshore. That is the current core economic proposition from you guys. It causes the kind of corruption of the political system that we saw last time around. Mr Taylor, before the last election, rather than being honest with Australians as he was required by law to be, hid. He secretly changed the regulations so that Australians found out after the election that electricity prices were going to go up by 18 per cent. Your side of politics just carries on as if that's not a problem. It's a dishonest approach from Mr Taylor, hiding things until after elections. I suppose it's consistent with the approach that Mr Dutton is taking to cuts to Medicare and cuts to education and consistent with what Mr Abbott did last time around.

We're very open about being very transparent about what is going on in the system. I encourage you to ask the officials questions in the hope, as Senator Duniam says, that you can try and understand what is going on here. We're not afraid of transparency here. Mr Taylor, when he had the chance to be transparent, consistent with the law, hid 18 per cent price rises. You shouldn't be in politics any more if you do things like that. He couldn't be more shonky. That's what happened last time around. He has never been repudiated. It has never been apologised for—18 per cent power price rises for ordinary people that were kept a secret.

Senator DUNIAM: We've tried a number of times now to ask you to tell the Australian people when they can receive what they were promised, which is the \$275 per year reduction in power prices scheduled to come in in 2025. You have not been able to tell us this. Is it still the government's promise that power prices will go down by that amount of \$275 per year?

Senator Ayres: All I can tell you is two things so we don't go through a long answer, I suppose. The first is that power prices will always be cheaper under an Albanese government with a plan for the electricity system. We will never do what Mr Taylor did before the last election and keep price rises a secret in order to try to secure some political advantage. That kind of corruption of the political system and public accountability was a characteristic of the Morrison period. It is clear that the same approach is being taken now. It's why we're in the

position we are in. We have an alternative government with no policy program except for a \$600 billion taxpayer funded nuclear reactor plan that will make electricity more expensive, push prices up and make Australia less competitive.

Senator DUNIAM: So it's not the government's policy any more to reduce power prices by \$275?

Senator Ayres: All I can indicate to you, Senator, is what I just did, which is that power prices will always be lower—

Senator DUNIAM: That's all we need. Thank you.

Senator Ayres: under an Albanese government. It has a plan for the electricity sector, is working with the investment community to deliver more generation capability and a transmission network and tells Australian people the truth about what is going on. Your government keeps the fundamentals of the electricity market a secret and allows investment to go offshore.

Senator BILYK: I have a quick question. Minister, I wonder if you could help me out. Can you talk us through what is in the budget for electricity relief for people?

Senator Ayres: Well, there is, of course, an extension of the support that the government has provided of \$150 for households and for small business. It is to support people through this period. It is a carefully designed set of measures that comes through on Australians' electricity bills. It's not a cash support. It is very carefully designed with the impact on inflation in mind. It has worked to make prices lower for ordinary households and for small business in particular. It's a modest support, but it's an important support. In the budget, we made sure that support was continued to be offered for Australians. Of course, the alternative proposition is to oppose that support for Australians, to make cuts and to cut everything except income taxes, it appears. In another of Mr Taylor's very strange interventions into public policy, it appears that the plan of the alternative government is to repeal tax cuts that have offered very significant benefits to every Australian income tax earner. There is a range of supports. Energy bill relief is just one of those supports. We believe that it has had a very positive effect in terms of prices and in the economy more broadly. It has provided support for households right when they've needed it.

Senator BILYK: Thank you.

Senator DUNIAM: I will move on from the matter we were discussing. I want to go to the net zero spending measures at page 83 of Budget Paper No. 1. Underneath box 3.3, it talks about table 3.6 setting out a range of costs. Can I just get an understanding of what those figures broadly encompass—the \$4.3 billion, \$6.9 billion, \$24.3 billion and so on and so forth?

Ms Munro: Thank you, Senator. That is in Budget Paper No. 1 that you're referring to?

Senator DUNIAM: Correct.

Ms Munro: Those figures represent new spending in this year's budget. These estimates are actually put together by the Treasury. Detailed questions are probably best directed to them. I'm happy to go through as best we understand that, yes.

Senator DUNIAM: As far as can be, yes. So it's quantified it here. We will do what we can here. You say new spending measures. I want to be clear on that. It has \$4.3 billion in new measures. It has then \$6.9 billion over the medium term. That is following spending commitments of \$24.3 billion over the medium term in the 2024-25 budget; climate related spending to 2030 of \$4.6 billion committed in 2023-24; and \$24.9 billion to 2030 committed in the 2022-23 October budget. When you say new spending, you mean new spending since this government was elected?

Mr Mundy: We're looking here at Treasury's budget papers, so there's a challenge for us in that the Treasury's methodology for pulling these together comprises measures and programs from within this portfolio and from other portfolios as well. Questions about how they've derived those figures and put them together are best put to Treasury. The officials here from DCCEEW can be helpful on the individual elements of it, which are programs delivered by this portfolio. If there are questions about individual measures, perhaps we could have the folks with responsibility for those programs speak to them.

Senator DUNIAM: Yes, sure.

Mr Fredericks: For clarity, to help you, this has long been a tricky issue in budget papers, including going back to the previous government. This is Treasury material. It is defined as net zero so it goes beyond climate change per se. There will be a range of measures included in this that we don't have any visibility of, including the quantum—

Senator DUNIAM: I'm happy to move to DCCEEW's position.

Mr Fredericks: I suppose my point is that we can't really give you any evidence on aggregates here.

Senator DUNIAM: No. I will not pursue Treasury methodology.

Mr Fredericks: For all methodology, Treasury can do that.

Senator DUNIAM: I will come to Treasury on that.

Mr Fredericks: No worries.

Senator DUNIAM: The aggregate, on my maths, if I'm not wrong, is around \$59 billion or \$60 billion. What is the DCCEEW component of what has been outlined here? You have \$4.3 billion. Is there anything from DCCEEW in that over the forward estimates? There is \$6.9 billion over the medium term. Is there anything from DCCEEW in that et cetera?

Ms Thomas: We don't have the details. We don't have the maths behind the Treasury table so we can't talk you through exactly what proportion of that is DCCEEW measures. But we can—

Senator DUNIAM: Can you tell me the DCCEEW dollar amount, then? Surely this department could—

Ms Thomas: In the portfolio budget statement for DCCEEW, we can set out the amounts that are under outcome 1.1 for climate.

Senator DUNIAM: Sure. Could you just in shorthand perhaps run us through that?

Ms Thomas: We have the portfolio budget statement published on 25 March. It shows how much the department intends to spend on program 1, which is reducing Australia's greenhouse gas emissions.

CHAIR: Can you give us the page reference?

Ms Thomas: That is page 33 of the PBS, portfolio budget statement. It shows the total administered expenses for program 1.1 in 2025. That is \$498 million.

Senator DUNIAM: That is for this coming financial year or budget period. I am trying to understand. Again, I know it is a Treasury document and they've aggregated across a range of portfolios here a number of measures. That would come out of, I assume, the \$4.3 billion. I know you can't comment on that because it is Treasury data.

Mr Fredericks: Just on that, not necessarily according to the proposition.

Senator DUNIAM: I will have to go and ask them.

Mr Fredericks: I think it is going to be apples and oranges. We can only report to you on what is in our PBS according to the PBS standards. There might be a bit of apples and oranges, which I think Treasury would be able to explain to you.

Senator DUNIAM: Yes. I love the consistency across the Australian Public Service.

Mr Fredericks: Well, it's across budget methodology. It has long been the case, Senator.

Senator DUNIAM: I know. I'm not in any way casting blame here. Since the October 2022-23 budget, how much of the item you have just read out to us—the \$498 million—has been expended or budgeted for those specific matters?

Ms Thomas: Sorry, can you repeat that question?

Senator DUNIAM: You just read out a figure on page 33 of your PBS of \$498 million for program 1. Since the October budget of 2022-23, how much has been budgeted for that section?

Mr Mundy: So you're asking what has been the spend against that?

Senator DUNIAM: Yes.

Mr Mundy: I can give you a figure. The actual spend for 2024-25 against outcome 1.1 was \$348.81 million. As Ms Thomas mentioned a minute ago, the budgeted amount for 2025-26 is \$498.971 million. I don't have to hand a current spend against that number, but I'm sure we could provide it.

Senator DUNIAM: Sure.

Ms Munro: We would have to take on notice to actually go back.

Senator DUNIAM: Okay. Take that on notice. We'll ask those questions. The rest of this I will ask in outcome 1.2. Does Hydrogen Highway fit in here?

Ms Munro: Yes, it does.

Senator DUNIAM: How much of the \$80 million has been spent thus far from the Hydrogen Highway program?

Mr Ryan: Of the \$80 million, \$5 million has been committed to a project in Tasmania. I would have to take on notice how much of that has been spent.

Senator DUNIAM: What is the name of that project?

Mr Ryan: I think it's Line Hydrogen. That's the name of the project.

Senator DUNIAM: So of the remaining \$75 million, is that currently in a process where there are applicants for it being assessed? What is the status of the balance of the program?

Mr Ryan: Of the Hydrogen Highway program, the remaining \$75 million in the budget was taken as a saving and redirected to other areas within the climate change portfolio. It was a measure that provided \$10 million to each state and territory for long-haul hydrogen infrastructure in vehicles. The program has been out there for three years. It was led by the states and territories for them to identify projects. The Commonwealth has matched that funding.

Over the three years, there has been some interest in progressing that program. Most advanced during that period was New South Wales and Victoria, who got together to do something from Sydney to Melbourne. They worked through a process and couldn't quite make it work in terms of the money and funding. Most importantly, for Hydrogen Highway, the availability of the vehicles was one of the key sticking points. Long-haul hydrogen vehicles weren't as prospective, as was to be expected. So it's probably a bit longer off than we hoped with that program.

Senator DUNIAM: When the program was designed, budgeted for and announced, were those vehicles more prospectively available at that point in time than when the decision was made to scrap the balance of the program?

Mr Ryan: Certainly with hydrogen in transport, we had seen the beginning of some programs that had been funded through ARENA for back to base models, which is vehicles for more running around or of lower weight. There was certainly the expectation that the vehicles would be available within that period. We have a different road transport network for trucks long-haul. We have B-doubles that are longer with heavier loads on our roads. Heavy vehicles coming from Europe might not necessarily be adapted to Australia readily. I think we are working through that process. The Commonwealth was co-sponsoring with the states and territories. The states and territories are working through that process. I think they got to the point where it wasn't quite where it needed to be in the time frame they were looking at. I do know they were trying to make it still work given how long it would take, but it has taken quite a while for us to get to where we are now.

Senator ROBERTS: Thank you for being here again. It seems to me that everyone in government and the bureaucracy is incapable of telling people how much reducing Australia's carbon dioxide—

CHAIR: I will stop you right there. We will be respecting the people sitting at the table. Would you like to rephrase your question?

Senator ROBERTS: I can't get an answer from the government or the bureaucracy on how much it's going to cost in total overall for cutting Australia's carbon dioxide production to meet your targets. Why is that? I've heard everything from a couple of hundred billion here or there to \$1.9 trillion. What is the number?

Mr Fredericks: Senator, I know we've had this discussion before. I think the generality of your question makes it very hard for us as officials to answer it in any meaningful way. We always want to try to assist you because your questions as a senator are legitimate.

Senator ROBERTS: Thank you.

Mr Fredericks: If there's a way you can in some way refine it, we can have a crack. Otherwise, if you think it would be better to put it on notice, and we can give you a response on notice, I'm happy to do that.

Senator ROBERTS: Thank you, Mr Fredericks. I will accept your invitation. I'm talking about all the costs of wind, solar generators and power lines needed for the scattered wind and solar; the killing of coal; the killing of the farting cows; the banning of petrol and diesel engines; and the killing off the V8 Toyota LandCruiser. How much is it all going to cost Australia to get to where you somehow think we're going to be in 2050 compared to just letting Australians be? What is it going to cost to do all of that versus what does it cost to do nothing?

Mr Fredericks: Senator, I think if it's okay with you, we'll take that on notice. Because you've given some specificity, we are in a position to be able to describe, as it appears in the budget, costs associated with some of the measures you just described. We can legitimately do that. We will take that on notice and do that.

Senator ROBERTS: Excuse me. So you understand what I'm asking now, even though I haven't named every single component? There are a hell of a lot of components that I would like to know the cost of.

Senator Ayres: I think, Senator Roberts, that Mr Fredericks has said that they will answer it as far as they can. I can say to you that in your question were a couple of assertions. Killing off the V8 Toyota LandCruiser is not an initiative of the Albanese Labor government. Killing the Australian auto industry was an initiative of the Morrison, Abbott and Turnbull governments. International auto makers now make vehicles. Australia doesn't make cars anymore because they killed the industry. That is not something that can be costed, Senator. It's the economic harm that is done by coalition governments to Australian manufacturing that is entirely the responsibility of Mr Hockey—I saw him featured in the newspapers yesterday; it was a pretty interesting article—Mr Abbott, Mr Turnbull, Mr Morrison and Mr Frydenberg. All these characters thought it was an act of total genius to kill 40,000 jobs and Australia's capacity to make cars. You can see that there is a contrast with this government. There is \$2 billion, for example, in your home state of Queensland, to back the aluminium sector so that investment is sustained in Australia. The aluminium sector is going through their own process. You might not like it. They have just on the back of that announcement—

Senator ROBERTS: I'm not asking about the aluminium sector.

Senator Ayres: I know you like the aluminium sector. You might not like the fact that they are shifting to a lower carbon profile. They have on the back of the Albanese government's investment in the aluminium sector. It has given them the confidence to invest themselves \$2 billion in renewable energy capability in Queensland. That's more jobs for Queensland with a government that has a local content plan for the renewables sector, which will mean more engineering, more structural steel and more jobs in Queensland.

Senator ROBERTS: Minister, the key issue in producing aluminium in Queensland is the prices.

Senator Ayres: I didn't interrupt you, Senator. I'm just trying to make the point that some of the assertions you make go to things that are not what the government is up to here. The government is up to supporting Australian manufacturing and Australian industry and rebuilding a modern electricity grid so that we are competitive for the future.

Senator ROBERTS: Thank you.

Senator Ayres: That's what we're up to. The fruits of that are most starkly evident in regional Queensland at the moment, where 5,000 jobs are sustained in Gladstone and Central Queensland because of that one announcement and investment in new renewable energy capability. The alternative is the plan that these jokers have for nuclear reactors that will force the aluminium sector offshore just like the auto industry was forced offshore.

CHAIR: Minister, I will ask you to refer to our colleagues respectfully.

Senator Ayres: What did I say? I'm sorry.

CHAIR: You called them jokers.

Senator DUNIAM: We don't normally joke about things. In the vein of respect—

Senator Ayres: My friends over here.

CHAIR: Thank you very much, Minister. I appreciate that.

Senator Ayres: Sorry, Senator Roberts. I took a side track.

Senator ROBERTS: Gladstone is under threat because of both this government and the previous government's passion for net zero. That's why it's under threat. Electricity prices are the key ingredient to an aluminium smelter. I happened to live in the Hunter Valley when the alumina smelter at Kurri was built. I know that it has shut down and others are under threat now because of electricity prices and the conversion to net zero. I would also like to understand the subsidies, the support, and what that is going to cost. We have these net zero policies increasing the cost of electricity. We then have the government milking the taxpayer and electricity users to subsidise people who are vulnerable. I would also like to know that specifically.

Senator Ayres: I want to make two observations about that.

Senator ROBERTS: By the way, Minister, you introduced the ute tax. That's what is hurting V8 LandCruisers. Did you not?

Senator Ayres: I want to make a few observations about this. Firstly, Senator, the most disturbing thing I've heard this morning is your assertion that you were around in the Hunter Valley when the Kurri smelter was built. I cannot believe it. You look so youthful.

Senator ROBERTS: I used to go to school at Kurri.

Senator Ayres: Really there's cognitive dissonance there. I am going to have to adjust to this idea.

Senator ROBERTS: I went past the Kurri aluminium smelter on my way to Kurri High School every day.

Senator Ayres: I once persuaded somebody who didn't come from the Hunter Valley that there were two towns in the Hunter Valley—one called Kurri and the other called Kurri.

Senator ROBERTS: Wagga?

Senator Ayres: Indeed. That's right. Senator—

Senator ROBERTS: Did you or did you not introduce the ute tax that is killing V8 LandCruisers?

Senator Ayres: Well, there's no arrangement called the ute tax. You know it. If people want to buy LandCruisers or any other kind of vehicle, they are very welcome to. The broader point, though, is that because the questions you ask go outside the scope, apart from the assertions that I don't agree with and the ones like your relative age that I can't reconcile myself to, we will take those questions on notice. The department will do their best to look within the scope of their responsibilities to answer on the cost of measures. I will—

Senator ROBERTS: It is disturbing that you are now qualifying Mr Fredericks's answer.

Senator Ayres: I think I'm saying exactly the same thing as Mr Fredericks; that is, we'll take those things on notice and they will answer to the extent that they can.

Senator ROBERTS: That they can?

Senator Ayres: Yes. They can answer questions that go to the scope of the department's activities. If you want economy-wide measures—even if you end up at PM&C or Treasury—you will find that a very substantial number of these investments is private investments. They are encouraged or facilitated by developments in the international market and developments that the Australian government is supporting. You mention government support. We unequivocally support Australian manufacturing. The biggest program factor—

Senator ROBERTS: It is being called by your policy of net zero.

Senator Ayres: is the biggest pro-manufacturing package in Australian history to back investment in areas such as critical minerals, iron and steel and aluminium. It is backing current jobs and prospective investment. It is the kind of thing I would have thought your political party would support. The alternative is zero in industry policy and forcing important industries such as the auto industry offshore, which is what my friends over there, in the era they want to go back to—the Morrison period.

Senator ROBERTS: We're very pleased, Minister, to say our policy—

Senator Ayres: The Morrison period, where they want to go back to, had 40,000 jobs gone. I think it's a very strong contrast and one that I'm very happy to talk about over the coming weeks and months.

Senator ROBERTS: Our policy is to end net zero and restore manufacturing. Do you admit, Minister, that a Toyota V8 LandCruiser simply cannot survive under your vehicle emissions rules and that you effectively killed it off?

Senator Ayres: I can answer in terms of my own practical experience. I went in to work this morning. There were all sorts of vehicles on the road. Some of them were old vehicles. Some of them were new ones. Some of them had been purchased new. Some of them had been purchased second-hand. The government has, as we canvassed a bit earlier before you came in—

Senator ROBERTS: Minister, everyone can see you on TV.

Senator Ayres: But you came in—

Senator ROBERTS: Everyone can see you answering this question.

Senator Ayres: The government has introduced a set of fuel efficiency standards. Before that, Australia was operating on the basis of standards that had been developed in the 1970s. We were the dumping ground for vehicles just like the Russian economy and a couple of other places around the world that hadn't taken this step. It's in the interests of—

Senator ROBERTS: I'm deeply concerned about Australians.

Senator Ayres: It's in the interests of people having to buy less fuel. It's cheaper for people when there is a vehicle efficiency standard. It means that cars aren't overusing petrol or diesel. It costs less to get from one place in regional Queensland to the other because you are using less fuel. That's a good thing. It's a good thing for consumers. It's a pity that we don't have an automotive manufacturing sector in Australia that would be able to take advantage of those things as well and build LandCruisers, Hiluxes and all sorts of things for the Australian market and the international market. We lost that opportunity because of previous—

Senator ROBERTS: Power prices are rising too high.

Senator Ayres: Because a previous government decided to force the auto industry offshore.

CHAIR: We will move on.

Senator ROBERTS: Thank you. Thank you, Minister.

CHAIR: Senator Duniam, the timing is in your hands for what happens next.

Senator DUNIAM: Excellent. I want to go to the 2035 targets. I wonder where we are at with the work to progress and establish the 2035 emissions reductions targets.

Ms Munro: Thanks, Senator. As I stated at the last estimates, we are awaiting the Climate Change Authority's advice. That is required under the Climate Change Act before the government can set the 2035 target.

Senator DUNIAM: So we're no closer? We've had no correspondence with the Climate Change Authority to indicate any progress on that work since our last conversation.

Ms Munro: I understand that the Climate Change Authority will be here later today to answer questions about where it is up to on its work program.

Senator DUNIAM: Has the department received any correspondence or done any work with the Climate Change Authority since the last estimates on this matter?

Ms Munro: The Climate Change Authority is independent. It is undertaking its work program. Across government, the department—

CHAIR: I want to interrupt. The Climate Change Authority is not coming today.

Ms Munro: On Monday, sorry.

Senator Ayres: I was looking forward to that.

Senator DUNIAM: Yes. So I was I. We may still be here for that. Please, Ms Munro, we—

CHAIR: Cut you off.

Senator DUNIAM: Quite rudely.

Ms Munro: Not at all. I'm glad it was corrected. Obviously, the independent Climate Change Authority is undertaking its work program. The department has a role across government in looking at what some of the policy options may be. We also need to receive the Climate Change Authority report to finalise our advice to government.

Senator DUNIAM: Sure. Is there departmental input into the Climate Change Authority's work, though, or not? They do it completely separately and come to you and then you form your policy work after that?

Ms Rowley: It is absolutely correct to say that the CCA's advice is prepared by the CCA and that it is independent from the department. That doesn't mean that we don't work with our colleagues in the CCA, including on things such as public consultation. We worked quite closely with them through the course of their advice on the sectoral pathways, which they provided a report on late last year. That is very closely related to the work they are doing on the 2035 target. We've certainly done joint sessions with them when engaging with stakeholders. In part, that's a response to the feedback we've got from stakeholders themselves about the risk of consultation fatigue and taking a more joined-up approach. We're very clear about the respective roles and responsibilities of the different organisations and always careful to respect the independence of the CCA. We have certainly done some work together.

Senator DUNIAM: Okay. Since estimates when we last met, has the CCA communicated when they expect to have their work to you?

Ms Munro: There has been no further update on that.

Senator DUNIAM: What was the projected date last time we met?

Ms Munro: I understand that it was drawn from statements from the chair. I will just check my understanding.

Ms Rowley: My understanding, Senator—this was comments by the CCA chair in December last year—is that they were undertaking additional analysis in light of international developments and would be providing their advice to government in the coming months. That's probably a question best directed to the CCA when they appear at this committee on Monday.

Senator DUNIAM: Sure.

Senator Ayres: The difficulty, of course, is that it is an independent process, Senator Duniam, which is why I refrain from giving a political answer. I think Mr Kean said—and it seemed sensible to me—that developments in the international arrangements, including trade arrangements, are assessing and awaiting those questions in terms of making their report. They are entitled to do that.

If I were giving a political answer, which I would refrain from doing, I would say it's an extraordinary thing to do to really ask a question about 2035 targets when you haven't been able to manage a process in your party room to tell us what the Liberal and National parties would do if they were elected in 2030. It's that kind of dysfunction that means you have people such as Mr Constance and Mr Joyce on a unity ticket. Your candidate for Gilmore is a nine-times-around candidate. He is saying without much contradiction that he wants to pull out of the Paris Agreement. So there is that dysfunction from your show.

It would be open for us to spend time on a political response to those things. As I said, I refrain from doing it because it is an independent process that the Climate Change Authority will manage. They will make their assessment. They will do it as soon as they can, I'm sure. The deadline for countries to do these things was in February. Very few have because they are all responding to the same set of questions and concerns around the world. When you stump up with your 2030 targets, I reckon Australians will take you a bit more seriously.

Senator DUNIAM: Thanks for that non-political answer. As I understand it, the UK, New Zealand, Canada, Singapore, Switzerland and Japan have submitted their targets. There may be others; I don't know. I understand that the chair of the CCA said in December that they need to reanalyse et cetera. These countries somehow have found a way to do it for their jurisdictions. I'm sure they can answer for themselves. Does the government intend to have targets out given the chair did say in December it would be coming months? Goodness how many months that is. Do you intend to have your targets out before the election, Minister?

Senator Ayres: Thank you very much for the question. Each of those economies has a different shape to the Australian economy. They are responding to their national interest. I guess that two dynamics shape our approach to this. One is, as the officials have outlined to you and I've tried to explain, I suppose, the Climate Change Authority will independently make that assessment. That organisation will do that in the way they see fit. I think it is reasonable—and most Australians would understand—that we are operating in a very disruptive global trading environment. That's the truth. That means that we have to measure and weight those things properly. There are competing demands here. One is for certainty about what the arrangements are. The other is to deliver something that takes account of that properly.

The second imperative that I think certainly shapes my thinking about these questions is that we will act in the Australian interest. I know that is a foreign concept for our opponents. We will act in the national interest. We will provide certainty. We have a 2030 target. We're introducing the policy measures there that are all about making sure that Australian industry is more competitive than it otherwise would be. Mr Dutton, Mr Constance and Mr Joyce and all these characters have been unable to reach a position even on 2030, five years away. Apart from apprehending that we are in or out of the Paris Agreement, this is the kind of policy uncertainty that creates sovereign risk. That's why investors in boardrooms around the world—

Senator DUNIAM: Have choices.

Senator Ayres: have choices about what they do. A return to the Morrison period of policy instability—that is the politest way of describing the catastrophe that the government was in with these questions—means that people will go and find somewhere else to invest.

CHAIR: I note that we have a hard break at 10.30 am to move to the next witnesses.

Senator DUNIAM: If we are concluded with these ones. The minister is providing extremely lengthy answers.

CHAIR: I am saying that we will be moving on at 10.30 am.

Senator DUNIAM: The standing orders provide for us to—

CHAIR: Standing order 26(4) will tell you that because these people are appearing again on Monday, that does not apply.

Senator DUNIAM: Regardless, I would like the minister to perhaps be a bit more succinct in his answers. I enjoy the political commentary. Is it the government's intention to tell the people of Australia what the 2035 emissions reduction target will be for this government prior to the election?

Senator Ayres: I live for the stand-up comedy of these routines, honestly.

Senator DUNIAM: It's a pure and simple question, Minister. I don't know why you can't answer it.

Senator Ayres: The characters who can't tell Australians—

Senator DUNIAM: You're the government. You were going to deliver it in February.

Senator Ayres: the 2030 targets are now insisting—

Senator DUNIAM: What is your answer?

Senator Ayres: that we come up with—over the next few minutes, you will hear it.

Senator DUNIAM: Yes. Few minutes. And it won't be an answer.

Senator Ayres: You are insisting somehow—

Senator DUNIAM: You have no respect for this process.

Senator Ayres: on a target a decade away to suit your political convenience. Australians will take the coalition seriously on energy policy when you start acting like adults.

Senator DUNIAM: Minister, I asked a question. Will you give us a target?

Senator Ayres: And what I've—

Senator DUNIAM: Will you give us a target or not?

Senator Ayres: What I've explained to you—

Senator DUNIAM: And if you won't, why not?

Senator Ayres: as carefully and succinctly as I can is that the Climate Change Authority—

Senator DUNIAM: Is it a no?

Senator Ayres: is due to provide a report to the government.

Senator DUNIAM: When is this?

Senator Ayres: I think Mr Kean was clear in December and clear, I think, in February. I think we traversed some of these issues in February as well.

Senator DUNIAM: Sure. When?

Senator Ayres: Given the developments in, at the very least, the global trading environment, they are going to make sure that they provide a proper assessment for government. It's a uniquely Morrison-Dutton position to take to be—

Senator DUNIAM: Will you provide a target or not?

Senator Ayres: oblivious to the national interest and say that some target should be provided even if it damages—

Senator DUNIAM: Isn't it in the national interest to have a target like you did last election?

Senator Ayres: Even if it's the wrong thing to do. We're going to wait—

Senator DUNIAM: So after the election?

Senator Ayres: for the Climate Change Authority, an independent organisation—

Senator DUNIAM: You won't tell us?

Senator Ayres: run by your Liberal colleagues.

Senator DUNIAM: So Australians won't know how much you're driving the prices in the next term.

Senator Ayres: We will make a sensible set of decisions based upon that input about how we approach a 2035 target. When we receive it, we will take time to assess it as a government. The minister will, in the normal cabinet processes, talk to colleagues.

Senator DUNIAM: So after the election?

Senator Ayres: It will happen in an orderly way that's in the national interest. We don't respond to the political imperative.

Senator DUNIAM: But the needs of the Australian community for certainty?

Senator Ayres: That argument could be advanced, Senator—

Senator DUNIAM: You're in government.

Senator Ayres: if you had the slightest bit of credibility on these questions.

Senator DUNIAM: You are in government. You owe the Australian community an answer.

Senator Ayres: Step 1 is having an approach to 2030. Step 2—

Senator DUNIAM: So you don't have to but you want us to? Minister, how about you apply that same rule to the government?

Senator Ayres: What I want you to do—

CHAIR: We might just wrap it up there, gentlemen. We have hit that hard mark where we are moving on. I will call officers from the Emissions Reduction Assurance Committee and welcome Professor Karen Hussey. It's good to see you, Professor Hussey. Would you care to make an opening statement?

Prof. Hussey: Thank you, Chair. No, I won't. I'm happy to go straight to questions.

CHAIR: I will start with one question. I have only one question. There seems to be a lot of misinformation about what carbon crediting is. Obviously there's an awful lot of surround sound that we've heard. Can you explain to us why a high integrity carbon market is important, what exactly it is that ERAC is doing and how the scheme is being regulated?

Prof. Hussey: Thank you, Senator. The carbon crediting scheme essentially allows the economy to pursue least cost or lower cost abatement opportunities by virtue of deploying carbon offset projects. The ACCU scheme, which used to be the Emissions Reductions Fund, which before that was the Carbon Farming Initiative, enables the deployment of those projects through the deployment of activities that are captured under what we call methods or methodology determinations. There are 30 methods that are included in the ACCU scheme. Essentially, each of those methods sets the rules around how carbon abatement can be achieved either through sequestration or through the reduction in emissions or, indeed, the avoidance of emissions. The methods themselves, because they set the rules, demand a real emphasis on integrity for one reason. Another reason has emerged since the safeguard reforms a couple of years ago. The first reason is that if you are going to say that you are generating an Australian carbon credit unit and it represents one tonne of avoided or sequestered carbon, it ought to. It's very basic.

CHAIR: It seems reasonable.

Prof. Hussey: It's very fundamental. It should be what it says on the tin. That is the sort of fundamental flaw, basic expectation that one would have. If you have a private property right in the form of an ACCU and it says it's going to be one tonne, it ought to be one tonne. The rules and regulations around it need to make sure that is true.

I think the emphasis on integrity that we've seen in the last couple of years is driven by this second development that has occurred in recent years. Prior to the safeguard mechanism reforms, the ACCU scheme was voluntary. You could be engaged or not. It was entirely up to you. It became a compliance market after the safeguard mechanism reforms because the safeguard mechanism reforms saw safeguard facilities given the opportunity to achieve their obligations under the mechanism by virtue of either generating safeguard mechanism credits or using ACCUs. As long as you are using ACCUs for the purposes of offsetting emissions arising from another economic activity, you need to be really certain that you are genuinely seeing real and additional abatement reduced and your ACCU is delivering on that.

CHAIR: Do you think we're there? Is that what is happening?

Prof. Hussey: I do. I think we are.

CHAIR: There are a number of people, including people on this committee, who are detractors from that.

Prof. Hussey: Yes. It is a scheme that has a range of checks and balances embedded in it that ensures that at different points in time and at different scales the integrity of those ACCUs is monitored and corrected if there's any issue. I will come to the second part of your question in terms of the Emissions Reduction Assurance Committee. We are responsible for the integrity of the methods that underpin the scheme. It is absolutely the case that we are working in a contested, complex, scientifically uncertain environment where we are having to weigh up the evidence and information available to us at the time in order to be able to design those rules and regulations and ensure the integrity of each ACCU that is generated out of a method. It's a continuous improvement paradigm, if you like, Senator, in so much as we as a committee will open up a method for review for a number of reasons, including if we feel that there are concerns with the integrity of the ACCUs being generated under the method. So, in that way, I think the system is really well designed. I would have confidence and do have confidence—I will leave it to the department and the regulator to speak to their two levels—that certainly at the method level the committee has what it needs in order to be able to monitor and ensure the integrity of ACCUs under the methods over time.

CHAIR: Thank you very much. I really appreciate it.

Senator DUNIAM: We discussed the improved native forest management in multiple use public forests method at the last estimates. What are the steps and timeline for the approval process at this stage?

Prof. Hussey: The department is working through what the process will look like with each of the prioritised proponents. The piece of the puzzle that the Emissions Reduction Assurance Committee owns is in relation to consultation on an exposure draft of the proposed method. We anticipate that method probably being with us

earlier than the other three. I don't have a precise time for you. Most of that will depend on, first of all, the progress that the proponents make and, secondly, the way in which the department chooses to handle the drafting of the exposure draft. Our piece of the puzzle will look like us doing a preliminary review of an exposure draft, putting it out for consultation for a period of time and inviting relevant stakeholders to provide whatever information, input and evidence that they feel is relevant to the exposure draft to us. We then work with the secretariat to assess, synthesise and analyse those submissions. To the extent that we think there are required reforms to that exposure draft or revisions to that exposure draft, we will say so.

Senator DUNIAM: The submissions arise purely out of the consultation process that you engage in. Is that right?

Prof. Hussey: The submissions that come to ERAC will come out of that process.

Senator DUNIAM: The consultation process?

Prof. Hussey: My understanding—these questions are best directed to the department—is that there will be consultation in advance of ERAC's piece of the puzzle.

Senator DUNIAM: Yes. I will go to your piece of the puzzle. If you can answer it in that prism, that's great. If not, I am sure I can try with the department. In terms of the consultation process on your part of this, how does that actually work? Can you step me through that? Do those submissions arrive from participants in the process?

Prof. Hussey: Yes. We will receive an exposure draft. We will publish the exposure draft on the department's website. There will be some commentary inviting anybody who is interested to provide a response to the exposure draft in relation to its alignment with the offsets integrity standards, which is the piece that we are legislated to have regard to and ensure alignment with. Those submissions are then, Senator, submitted through an online portal; that would be my guess. They will then be collated and reviewed and read by the secretariat and by me. I will certainly read every single one of them. The committee will have access to all of them. There will be a synthesis provided to the committee. The committee will then essentially land on any decisions that need to be made vis-a-vis the alignment of the proposed method with the offsets integrity standards. Does that answer your question?

Senator DUNIAM: That does help. If there's a proponent of one of these methods who has run their own consultation process, are they able to submit to you that there should be a shortened process in terms of your consultation, or it doesn't change?

Prof. Hussey: No. They can ask.

Senator DUNIAM: But you wouldn't in theory go there. Obviously, a number of commentators have highlighted issues with a couple of the proposed methodologies. I will have to ask the department. Ms Rowley, are you able to talk about in broad terms the overall consultation timeframe that the department would engage in? We've heard about ERAC's piece of the puzzle. What is the overall timeframe from the department's point of view?

Ms Rowley: Thank you, Senator. The timeframe for development varies enormously from method to method. Some are relatively more straightforward and there's a strong evidence base. Some are more complicated. Method development can take anywhere from a year to many years. As you know, we've moved to a proponent-led method development process. The improved native forest management in multiple use public forests method I think is the one that you are particularly interested in.

Senator DUNIAM: Yes.

Ms Rowley: The method was proposed by the New South Wales government. They are leading its development. As you are aware, they are undertaking their own consultation, analysis and work to prepare that method. We are really in their hands with respect to how long they spend doing that. They need to get it to an adequate state of development before it really comes to the department to progress legal drafting. You need to have all of the details settled in terms of the proposal. Then the department would pick up the task of the legal drafting because these methods are legal instruments. That's the point at which it goes into ERAC's formal review process. As the chair outlined, there's a full public consultation process for the committee to conduct for themselves. We haven't yet got a fixed timeline agreed with New South Wales. Even once we agree that timeline, it will be subject to change depending upon how their own consultation, analysis and method development goes.

Senator DUNIAM: Professor, I will go back to the ERAC-specific component of it. Are we talking two weeks, a month or eight weeks in broad terms, do you think?

Prof. Hussey: It's usually 28 days.

Senator DUNIAM: From exposure draft publication and invitations et cetera?

Prof. Hussey: To the deadline for submissions being received.

Senator DUNIAM: Beyond submissions received and you reading every single one—which I don't envy—how long do you expect?

Prof. Hussey: It depends on how many submissions we get and the level of complexity that we think has arisen as a consequence of those submissions. A general rule, if I look at, for example, the periodic review process that we've undertaken in recent months on three methods, I would really like to see a turnaround of about two to three months.

Senator DUNIAM: Thank you. That's very helpful. Thanks, Chair.

CHAIR: Thank you so much for coming. We really appreciate it. It was very helpful. You are released.

Proceedings suspended from 10:43 to 11:00

CHAIR: I would now like to call officers from the department in relation to program 1.2—support reliable, secure and affordable energy.

Senator DUNIAM: The Treasurer has claimed that power prices have fallen by 25 per cent. I'm wondering if the department can provide the committee with an example of a household where power prices have gone back by 25 per cent as at the date of the last election.

Mr Duggan: I believe the reference that you are referring to is most likely to have been a quote from the December quarter 2024 CPI release, which reported a 25.2 per cent decline in electricity prices over the previous 12 months. That 12-month period was through to the end of December 2024. That wasn't a comparison back to 2022.

Senator DUNIAM: Do we have a comparison back to December 2022?

Mr Duggan: Senator—

Senator Ayres: Just for clarity, Senator Duniam, so I'm clear before Mr Duggan answers, is this before or after Mr Taylor hid the price spike in electricity?

Senator DUNIAM: I'm asking about what the power prices were the date the Labor Party took office.

Senator Ayres: When we took office, it was still not apparent because—

Senator DUNIAM: I've asked my question.

Senator Ayres: Mr Taylor had conspired—

Senator DUNIAM: Minister, seriously. Seriously, Minister.

Senator Ayres: to hide electricity price rises from Australians. I'm very happy for the official to answer, but I wonder if you could just—

Senator DUNIAM: I think that would be good.

Senator Ayres: Because there is an 18 per cent difference between those two figures, you see.

Senator DUNIAM: Oh, right. So you bear no responsibility for anything still?

Senator Ayres: When Mr Taylor was keeping it a secret, people didn't know—

Senator DUNIAM: Okay, mate. Alright.

Senator Ayres: electricity prices were going to go up.

Senator DUNIAM: You've had your say.

Senator Ayres: I'm very happy for you to ask the official.

Senator DUNIAM: That's good. Maybe the official could answer.

Senator Ayres: It would be good to know whether you're prepared to concede that dishonesty.

Senator DUNIAM: I'm asking the official a question. They know the question.

Mr Duggan: Senator, again taking the same sort of data that you quoted from the Treasurer, I have in front of me—my colleagues may have further historical data than this—data that goes back to June 2023. Inclusive of government electricity rebates, the ABS study shows that the electricity costs for households has fallen by 15.8 per cent since June 2023. They also give a figure for what would have occurred in the absence of rebates. They say that electricity costs for households over that period would have increased by 16.9 per cent over that period.

Senator DUNIAM: Without the rebate it would have increased by 16.9 per cent?

Mr Duggan: That's published information from the ABS.

Senator DUNIAM: You don't have December 2022, though? You only go back to June 2023?

Mr Duggan: That's all I have in front of me, Senator. I'm happy to take on notice going back that additional couple of quarters.

Senator DUNIAM: If you could, that would be good. Do you provide an average dollar figure per household for power as part of your analysis?

Mr Duggan: Senator, there is a number of different reference prices in the market. There is, of course, the standing offer price. You would be aware that the Australian Energy Regulator, who is appearing a bit later today, produces standing offer prices for New South Wales, South Australia, South-East Queensland and the Victorian equivalent for Victoria. Certainly I can tell you what the standing offer prices are. The AER, in its publications, produces information on market prices. Again, they are appearing a bit later on. They are probably better equipped to take you through. It's their published information, so I think they are best placed to provide that to you.

Senator DUNIAM: I will go back to the 25 per cent figure we were talking about before. Was there a version of that exclusive of rebates as well?

Mr Duggan: I don't have the past 12 months figure exclusive of rebates. As I said, I have only back to June 2023 exclusive of rebates.

Senator DUNIAM: So the June 2023 figure does include the most recent? Is that across that period of time?

Mr Duggan: I will clarify what I indicated earlier. Inclusive of government electricity rebates, the ABS has stated that electricity costs per households have fallen 15.8 per cent since June 2023. If you exclude the rebates, the ABS has calculated that the increase since June 2023 would have been 16.9 per cent.

Senator Ayres: The rebates make a big difference for households, Senator Duniam. A big difference.

Senator DUNIAM: A big difference for energy, frankly. You don't have to use taxpayers' money to pay down for your more expensive power.

Senator Ayres: It's made a big difference for households.

Senator DUNIAM: Cheaper power.

Senator Ayres: For reasons that I don't understand.

Senator DUNIAM: Cheaper petrol.

Senator Ayres: You are interested in cheaper power. The last decade would have been very different, wouldn't it?

Senator DUNIAM: And so would the last three.

Senator Ayres: It would have been very different.

Senator DUNIAM: Are we able to establish, based on the information the department has, whether electricity prices today are \$275 cheaper than they were in 2022 when the election was held?

Mr Duggan: Senator, again, different households are on different plans and different offers. Again, it will depend on the region in which the household is. Of course, there's a nationwide Commonwealth rebate, and there are also a number of state rebates. A number of things go into the calculation of the electricity bill of any individual household at this point.

Senator DUNIAM: That ABS data of the 15.8 per cent decrease inclusive of rebates does cover state rebates too. Is that right?

Mr Duggan: That's correct. It's a nationwide figure inclusive of both Commonwealth and state rebates.

Senator DUNIAM: Has the department got any advice, information or evidence of Australians paying less for electricity than they were before the last election?

Mr Duggan: Senator, again, it depends very much on which region you live in.

Senator DUNIAM: Is there a region where that has occurred?

Mr Duggan: Yes. In fact, there are, Senator. Again, inclusive of rebates, Queensland has an example. Look at the standing offer price in Queensland and the fact that the Queensland government, of course, has a \$1,000 rebate. Adding to that \$300 rebate provided by the Commonwealth government in the current financial year, a Queensland household has on average about a \$790 effectively lower electricity bill in the current financial year than in 2022-23. Again, there is a range. The range, even inclusive of rebates, has increased in some other jurisdictions.

Senator DUNIAM: Have you got a figure of what that standing offer price would result in without the \$1,300 combined rebate?

Mr Duggan: In Queensland case, the equivalent would be a \$510 increase over that period.

Senator Ayres: The rebates have been very effective, Senator Duniam, in keeping energy prices more affordable than they otherwise would have been. We have got a lot of work in front of us to recover from the damage that your government did to the electricity system. We're doing it.

Senator DUNIAM: Is it still the government's policy—I will ask again; the department might be able to tell me whether it remains policy that they are adhering to—that power prices be \$275 less than they were in 2021, as promised? Is that the policy that the department is working to?

Mr Duggan: Senator, I note that was a policy set by the government prior to the previous election. It was not one that we advised on at the time.

Senator DUNIAM: I understand.

Mr Duggan: We certainly haven't done any modelling in that regard. It's really a question for the government, Senator.

Senator DUNIAM: So you hadn't modelled anything in relation to the promise of then incoming government, now government? I don't think it's their policy anymore; I'm not sure.

Mr Duggan: The \$275 figure comes from modelling done by the current government when it was in opposition. We haven't sought to replicate that modelling. One of the challenges with any of this type of modelling is that to work out whether or not electricity bills have fallen by \$275, your counterfactual matters enormously here. Of course, in 2022, we had a number of significant shocks occur in global energy markets and, in fact, domestically, which changed the baseline quite significantly. So it's a challenge. We haven't sought to replicate that.

Senator DUNIAM: So there has been no modelling done since the election on that dollar figure and the promise and whether it could be achieved, which I find passing strange. It was government policy for the incoming government.

Mr Duggan: We haven't sought to do that. Our interpretation of that policy was it was the impact of government policy on electricity prices over that period. We haven't sought to do that analysis.

Senator DUNIAM: So, flowing on from that, has any modelling been done about when power prices will decrease by what the now government promised before the last election to that dollar value of \$275?

Mr Duggan: Senator, there has been public modelling done of this by one of the market bodies. The Australian Energy Market Commission has produced their residential price trends report. They released that on 28 November last year. They sought to look out over the next decade at what residential electricity costs would be. They have produced figures. Their projections are that you could expect to see a decline in the order of about 13 per cent under their base case over the next 10 years.

Senator DUNIAM: I accept that there is a range because you have different markets and rebates et cetera. Does that 13 per cent include the rebates that have been applied?

Mr Duggan: We are getting into a level of detail on the AEMC's publication that I don't have, but my colleague Ms Gowans may be able to help.

Ms Gowans: The Australian Energy Market Commission modelled a series of different scenarios to understand the impacts of different cost drivers on the trend in electricity prices. They were developed considering the factors that could be influenced by policy. As you know, there is some uncertainty about the policies that governments will introduce over a decade or period. The AEMC price outlook is quite robust across the scenarios. They look at a drop over the upcoming three-year period. They look at supply side scenarios, scenarios involving consumer energy resources and the scenarios for networks. They look at them compared to a base case scenario.

They have produced also what they call the energy wallet. That is looking not just at electricity costs but at energy costs for Australian households. They have forecasted that overall, for example, electrification and energy efficiency is likely to reduce the cost for household energy by about \$1,000 a year, or about 20 per cent of the current spending on energy. Households, of course, with solar and batteries will benefit significantly and could potentially reduce their expenditure by up to 70 per cent. They look at effective integration of the CER. They also look at delays to the entry of renewable energy. So overall I think the AEMC has taken a scenario based approach. Retail prices for households vary so much by, for example, how much an individual household uses et cetera.

We benchmark often against the standing offer without really referencing the fact that perhaps nine to 13 per cent of households are on a standing offer. Market offers tend to be better. It's not easy to say what the dollar

figure is for an average household depending on the number of people who live there. It depends on their energy use. It depends on the extent of their energy efficiency and investments in energy efficiency. It also depends on much greater trends in the wholesale market in electricity that are hard to predict.

Senator DUNIAM: Over what period was the \$1,000 figure you mention projected to apply?

Ms Gowans: The AEMC outlook is over a decade, Senator.

Senator DUNIAM: From 2025 or 2024?

Ms Gowans: It will be from the base scenario years. They published in November 2024. They will be using November 2024 as the baseline scenario and using price forecasts. As you may be aware, Senator, they are currently doing a retail price inquiry in the Australian Energy Market Commission. They are looking at the types of tariff reform and rule changes that could support better retail offers across the electricity market.

Senator DUNIAM: So for 2034, the AEMC, in their range of scenarios, say 10 years from November last year households may be \$1,000 better off, in effect?

Ms Gowans: The AEMC scenarios—

Senator DUNIAM: Yes. I am not putting that to you.

Ms Gowans: project residential prices declining more steeply in the next three years, but then over the decade.

Senator DUNIAM: I will need to ask the AEMC at some point about that.

Senator Ayres: They don't model policy alternatives. A range of officials have explained how, of course, dumb ideas, such as nuclear reactors that cost \$600 billion, would push electricity prices up immediately for Australians and cause disinvestment in the electricity generation and transmission sector and provide four per cent of our energy requirements in 2045 at best after forcing electricity intensive manufacturing offshore. They haven't modelled that madness, no.

Senator DUNIAM: Have they modelled the government's capacity to meet their commitment to reduce power prices by \$378 per year by 2030?

Senator Ayres: I think you asked the officials the same question and they've been through that.

Senator DUNIAM: No. I haven't asked that question yet at all.

Senator Ayres: I'm just—

Senator DUNIAM: Is it still the government's commitment?

Senator Ayres: pointing out that there are two alternatives in front of people at the moment. One costs you three times. It costs your job. It costs you in terms of cuts.

Senator DUNIAM: Is it still the government's policy?

Senator Ayres: And it costs you in terms of your electricity bill if Mr Dutton goes to his program of building nuclear reactors in communities that don't want them.

Senator DUNIAM: Is it still the government's policy, Minister, to reduce power prices by \$378 per annum by 2030?

Senator Ayres: I will tell you what the government's policy is. We'll do two things. We'll work with experts to deliver more generation and more transmission into the system.

Senator DUNIAM: This is a commitment you made.

Senator Ayres: That makes power prices cheaper. What we will not do is what the last government did.

Senator DUNIAM: Is it your promise to be kept?

Senator Ayres: You forced generation out of the system; had scores of—

Senator DUNIAM: So you won't commit to that \$378?

Senator Ayres: power generation facilities close with no plan about what to do—

Senator DUNIAM: You're not committing?

Senator Ayres: about that; and then hide the price impact in the most dishonest way—

Senator DUNIAM: So you won't commit to this?

Senator Ayres: that Mr Taylor did. It was the most dishonest way.

Senator DUNIAM: How long have I got, Chair?

Senator Ayres: He hid price rises from Australians. We won't be doing that. I know Mr Dutton wants to return to the Morrison period. We will not be doing that.

Senator DUNIAM: Is it still your policy to reduce power prices by \$378 a year by 2030?

Senator Ayres: We are going to continue with—

Senator DUNIAM: It's not, is it?

Senator Ayres: sensible investments in the energy sector—

Senator DUNIAM: It's not.

Senator Ayres: in a planned and certain way that will deliver the lowest cost, most reliable electricity system for Australians and for Australian business. What we won't be doing is embarking upon an investment deterrence approach, which appears to be—

Senator DUNIAM: That's not what the sector is saying—

Senator Ayres: the Dutton plan.

Senator DUNIAM: about your plan.

Senator Ayres: If you can find a private generation provider who supports your proposition, I would be delighted to meet them.

Senator DUNIAM: Mate, they say some interesting things about your plan, so-called.

Senator Ayres: I would be delighted to meet them.

Senator DUNIAM: Will you apologise to the Australian people for not honouring the commitment to reduce power prices by \$275 a year?

Senator Ayres: What we're going to do—

Senator DUNIAM: You wouldn't do that either?

Senator Ayres: What we're going to do is we're going to drive—

Senator DUNIAM: It doesn't matter? Promise made and not delivered?

Senator Ayres: an agenda that has already been making progress over three short years.

Senator DUNIAM: Wow.

Senator Ayres: New generation capacity. New transmission capacity.

Senator DUNIAM: It's all good, people.

Senator Ayres: We will not adopt dumb ideas, which is what the nuclear reactor plan is. We will not do fraudulent costings that obscure the fact that your nuclear reactor—

Senator DUNIAM: The plan you haven't even—

Senator Ayres: requires Australian electricity intensive manufacturing to go offshore.

Senator DUNIAM: Will you apologise?

Senator Ayres: It's the China plan that Mr Dutton is advancing.

Senator DUNIAM: You won't apologise, will you?

Senator Ayres: It is the overseas manufacturing plan.

Senator DUNIAM: Can you save \$275?

Senator Ayres: Just like Mr Constance, Mr Dutton is all about moving manufacturing offshore.

Senator DUNIAM: Is it \$275?

Senator Ayres: If we're talking about apologising—

Senator DUNIAM: You can't say it, can you?

Senator Ayres: If we're talking about apologising, Senator—

Senator DUNIAM: Would you like to?

Senator Ayres: If Mr Taylor had—

Senator DUNIAM: Maybe?

Senator Ayres: a shred of decency—

Senator DUNIAM: You promised lower power prices.

Senator Ayres: he would have apologised and then resigned.

Senator DUNIAM: So those people who made the promise—

Senator Ayres: The idea that you obscure price rises from Australians in the hope of evading accountability is pretty consistent with the corrupted approach that the Morrison government took to public policy.

Senator DUNIAM: Unbelievable.

Senator Ayres: If you want to talk about apologies—

Senator DUNIAM: Yes, I do.

Senator Ayres: go downstairs and see if you can find a fella from Goulburn who kept price rises from the Australian people.

Senator DUNIAM: So will you apologise for not honouring your promise of reducing power prices by \$275 or not?

Senator Ayres: Well, as I indicated—

Senator DUNIAM: No. You won't apologise.

Senator Ayres: What we are going to do—

Senator DUNIAM: That's fine.

Senator Ayres: is to continue to—

Senator DUNIAM: You do everything but that.

Senator Ayres: approach these questions on the basis of common sense in the national interest, rebuilding the electricity sector, which was falling apart when we took government.

Senator DUNIAM: Apparently you have no knowledge of what you now say.

Senator Ayres: Scores of generators were announcing their closure. Four gigawatts left the system. One gigawatt went in. Transmission infrastructure was not looked after. There was a corruption of the public policy processes by Mr Taylor to obscure price rises. If you want to talk about apologising—

Senator DUNIAM: Yes, I do.

Senator Ayres: go downstairs and find Mr Taylor and march him out the front—

Senator DUNIAM: Who broke their election promise? Would you like to make an apology?

Senator Ayres: See if he will, in an uncharacteristic burst of honesty from that character. We could look forward to an apology from him.

Senator DUNIAM: So you won't apologise to the people of Australia. On 97 occasions, you and your colleagues promised them price reductions of \$275.

Senator Ayres: Well, as I indicated—

Senator DUNIAM: And the department hasn't got evidence of.

Senator Ayres: electricity prices would be more expensive. It would be \$1,200 straight away because your nuclear reactor plan creates disinvestment, drives electricity intensive manufacturing offshore, costs \$600 billion, takes too long to deliver and delivers far too little electricity. We won't be doing that. We wouldn't be doing that.

Senator DUNIAM: Nor apologising, clearly.

Senator Ayres: What we will be doing as a government is working hard to develop the low-cost reliable electricity system that Australia will rely upon in the future for lower household bills, more reliable electricity than the legacy generators that keep dropping out of the system and makes Australian manufacturing more competitive. We're for more industry, not less, which is the Morrison-Dutton plan.

Senator DUNIAM: Given the head of the market operator recently said that he couldn't guarantee that energy prices would be cheaper under Labor's plan, how much more do we expect people to pay for electricity in the years 2026-27 and beyond? Do we have any modelling on that?

Mr Duggan: I think, Senator, I would give the same answer. The most authoritative public source we have on future electricity prices is the AEMC's *Residential electricity price trends* report that they released last year. I refer to the evidence we've just given.

Senator DUNIAM: In the year 2026, what does that actually stipulate?

Ms Gowans: We will have to pass to one colleague as we go into more detail.

Senator DUNIAM: We'll go down for more detail.

Ms Papas: The AEMC does provide an annual cents per kilowatt figure. I will have to take it on notice to get that cents per kilowatt figure for 2026.

Senator DUNIAM: I take it, on that basis, we don't have it for 2027?

Ms Papas: They have it for each year of the forecast period.

Senator DUNIAM: You just said that you will have to take it on notice to be able to provide us an answer?

Ms Papas: It's not in front of me right now.

Senator DUNIAM: I know the rules are that we fit in with the on notice provisions. Surely there is someone there with a document listening along in the offices. You've Googled it. Perhaps we'll see if anything does come.

Mr Duggan: Senator, just to clarify, what is published in the AEMC report is chart based. It's by jurisdiction, so by state.

Senator DUNIAM: So there's no aggregated figure?

Mr Duggan: No aggregated figure that we've got in front of us. As I said, it's chart based. Short of reading off the chart, there are no precise figures in what we have in front of us. We'll take that on notice, Senator, and endeavour to get back to you.

Senator BLYTH: I want to clarify. In terms of projecting what costs may be for the consumer, are the policy settings that happen obviously in other departments ever considered in terms of what some of those policy settings are? If we are setting policies that are aiming for certain targets, are we considering what that costs the consumer at the other end and providing that advice to the government of the day?

Mr Duggan: Senator, I talked about the AEMC publication, which is a public figure. You will have the opportunity to talk to Treasury about the electricity price forecasts that underpin their inflation forecasts. That would be a subcomponent. They will be able to help you out in that regard. The department focuses on providing advice to the government on the impact of individual policies on all manner of outcomes for the electricity sector, be it reliability, emissions impacts and price impacts et cetera. We are more focused on modelling at the individual policy level than trying to construct a series of forecasts or projections. As I said, that is really the role of the Treasury. AEMC, as I said, have done that publicly.

Senator BLYTH: In terms of some of the policy settings around renewables, is it fair to say that we've got to have back-up generation for when the wind is not blowing and the sun is not shining? Do you concede that going down that path of running two networks is potentially more expensive? We are projecting costs decreasing. I am trying to piece together how we get those projections.

Mr Duggan: Senator, all of the projections that we've seen—certainly this is consistent when we model things on an individual policy basis—consider introducing firmed renewables into the system. You are absolutely right that it is renewable generation but it is backed by storage—pumped hydro and gas peaking—when it's needed. You can move into an electricity system where the wholesale cost of electricity declines. That is really what drives predominantly the AEMC price projections. You do move into a lower wholesale price scenario. Something that has driven prices higher in recent times is some of the, I guess, challenges around unreliability with ageing infrastructure in the electricity sector.

When you, in a sense, are reliant on the coal-fired power fleet to provide you with that power at points where renewable energy isn't operating and that coal-fired power generation isn't available to the market, you need to go to the next most meritorious source, and that tends to be gas. The price of providing that gas is relatively high compared to the other generation sources. So what we have seen—and this was particularly the case towards the end of last calendar year—is more reliance. That led to more high-priced events. That meant that the average price was increased over that period.

So the focus is on trying to get more renewable energy in as quickly as we can, again firmed by gas peaking technology, so that you're in a position where you are driving wholesale prices down in a more reliable way. You only have to rely on gas five per cent of the time rather than at the moment relying on it more as a mid-merit source of technology. That's what in broad terms at least gives that sort of downward trajectory to wholesale pricing.

Senator BLYTH: What does the impact do for some of the hydrogen programs that have been abandoned for various reasons? What impact do you think that will have? I'm guessing you would count that as a firmed renewable source of energy?

Mr Duggan: To the extent that hydrogen could be used as a substitution fuel rather than natural gas or some other form of fossil fuel gas in a generator, that could help to meet our electricity needs. The costs of doing that will depend, of course, on the cost of producing the hydrogen. At this stage, we don't have any hydrogen in our electricity system so it's not something that is contributing to prices at the moment. There are plans for various

gas-fired power generators to look at transitioning over time into some blend of hydrogen and gas. I think in the future it will become a part of our mix. As at today, it's not part of the electricity system.

Senator BLYTH: And not part of your projections, being in the mix?

Mr Duggan: Again, we don't project aggregate prices. It is certainly not something that we've looked at.

Senator Ayres: I think it's fair to say there is a lot more focus at the moment on hydrogen for industrial purposes. There is research and some effort into making sure in some areas of the gas fleet that there's some hydrogen capability there. But it all requires additional investment. At the moment, the approach is, as Mr Duggan has outlined, moving away from reliance upon a very expensive ageing and sort of falling apart coal fleet to more low-cost renewables backed in by storage and gas. The less gas you use in the system because of the higher price at the moment, the lower the cost. But gas is part of the mix, contrary to what some of your colleagues say. Its reliance is on a renewables-only strategy. That is not the case. It is the case that gas plays a very important role in stabilising the sector. Some of your colleagues have a fixation on the hydrogen questions. If a hydrogen investment stalls, it's like Christmas; there's a lot of yahooping and celebrating going on. If a hydrogen investment moves ahead, it's like someone has run over the cat and everybody looks sad. We actually just have to have a sensible approach that is based on what is, as Mr Duggan said, the next best meritorious stabilising source at the moment. That is storage and gas. We have focused on that because that's the approach that is calculated to bring prices down. Alternative approaches, such as nuclear, also involve, as I think you indicated, two transmission networks. Add a third and see what that does to electricity prices. In any case, that is the program that the government is focused on.

Senator BLYTH: Can I take it from that maybe you will be removing some of the red and green tape to look at new gas fields, then, as part of your policy?

Senator Ayres: I'm looking forward tomorrow to talking at great length with Senator McDonald, you and whoever else wants to come along about what we're doing in the area of gas policy. We've got a gas approach set out in the Future Gas Strategy. It is a practical approach to making sure that there's sufficient gas to meet not just the requirements in the electricity sector, which is important, but also the requirements more broadly. As you can imagine, we're focused on industrial purposes for gas, because those east coast manufacturers in particular require sufficient gas supply. That's an area of real focus for the government. I've heard breathless reports that there's something big coming over the course of today. If there is a policy position advanced by Mr Dutton and Mr Taylor tonight, I just can't wait. It would be novel because it would be a policy proposition, which we haven't seen over the three years of this continuation of the Morrison period into the Dutton opposition. We've got a plan on the gas front. We're working very hard with the sector to do it. Electricity is a component of that. Household supply for gas is important, as is industrial gas. Of course, there are very significant export markets. Our partners rely upon certainty and policy stability because they are undergoing their own industrial transformations, particularly in North Asia.

Mr Duggan: I will add to evidence that I gave in response to Senator Duniam's question about residential electricity prices in the next three years. I said in my evidence that the information we had in front of us was at the jurisdiction level, not a national aggregate, and that it is chart based. That was accurate when I gave the evidence. I have now been given the report. On page 11, there is a national figure, again chart based. On page 12, it disentangles it into that drivers of that. In fact, almost all of the decrease is over the next three years.

Senator DUNIAM: Thank you. I want to go to the renewable energy target of 82 per cent. How many gigawatts of large-scale renewable energy generation capacity has been added to the grid between June 2022 and today? That is not inclusive of rooftop solar.

Mr Duggan: Senator, colleagues will be coming to the table to assist.

Senator DUNIAM: I have learned over the last couple of years that is a desperate cry.

Mr Duggan: It also gives me time to turn to the right page of my briefing. Senator, with regard to utility scale solar and the annual build rate to 2030, I will read out the figures to you for 2022, 2023 and 2024. For utility scale solar, in gigawatts we have 1.2 gigawatts in 2022; 1.8 gigawatts in 2022-23; and one gigawatt in 2024. In terms of wind, we have, again, gigawatts on an annual basis. In 2022, it is 0.9 gigawatts; in 2023, 0.8 gigawatts; and, in 2024, 2.8 gigawatts.

Senator DUNIAM: What was solar utility grade in 2024?

Mr Duggan: Utility solar for 2024 is one gigawatt.

Senator DUNIAM: How does that put us in terms of the target of 82 per cent by 2030? I don't know what the annual requirement for additionality is in gigawatt terms. Are you able to run me through how that places us in terms of meeting that target?

Mr Duggan: Certainly. Previously in response to this question I've given evidence that we absolutely need to see an acceleration of renewable energy investment to achievement 82 per cent. I've also given evidence that we would never have expected this pathway to be linear. We would anticipate there to be an acceleration in the latter part of the decade. That is for a couple of reasons. One is responding to the incentives and the policies that are being set. As we see more coal-fired generation exit the system, both mathematically the share of renewables goes up and that sends a signal to investment in renewable energy.

It has always been our perspective on this that we would expect to see things accelerate towards the latter part of the decade. AEMO, hopefully in last year's integrated system plan and their step change scenario, forecast that we will need around 27 gigawatts of wind, six gigawatts of utility solar and about 15 gigawatts of roof top solar above what we had in 2023-24 in order to reach 82 per cent. They broke that down and said that basically requires six gigawatts a year of grid scale renewable capacity to be built on average as well as 2.5 gigawatts a year of distributed solar capacity to be built on average over that time.

Again, I gave evidence on this last time we appeared here. We are actually starting to see what I have described as quite positive signs of that acceleration I referred to. Late last year, we saw the Clean Energy Regulator put out a report that identified that it had approved an additional 7.4 gigawatts renewable capacity last calendar year. A further 4.3 gigawatts of additional capacity reached a final investment decision in 2024. Bringing all that together, the Clean Energy Council noted, effectively on their projections, that essentially we're starting to see now the sort of build rates and commitment to investment that we're going to need to hit 82 per cent by 2030.

Senator DUNIAM: In a linear fashion, it is 6½ gigawatts of large-scale—I think 'utility grade' is the term you use—each year between now and 2030 to reach the target. You said it's not linear. It could be lumpy. It could be a J-curve. At its peak, how much are we going to require? In your modelling, is there some estimation of where it might peak out?

Mr Duggan: We haven't done annual projections. I think the best source for this is the integrated system plan, as I mentioned earlier. That provides numbers as at today. It provides numbers as at 2030. There is no annual breakdown between those two points in time.

Senator DUNIAM: I want to understand the gap between what would equate to 82 per cent of our generation needs in 2030 and where we're at today. How many gigawatts is that?

Mr Duggan: Based on the ISP, I will use the latest outcomes data that was published. For 2023-24, in terms of variable renewable energy, we need to go from what at that stage was 21.5 gigawatts in the system to, by 2030-31, 63.7 gigawatts. That is where you get your annual build rate of around six gigawatts. In terms of storage, currently we have 2.4 gigawatts. We need to get to 19 gigawatts broadly to be consistent with the step change scenario in the ISP, which reflects the 82 per cent target.

Senator DUNIAM: That second category of generation was?

Mr Duggan: Storage. I will add up the variable renewable energy but also the storage component to give you the total renewable figure.

Senator DUNIAM: The 2030 target was 31.63 gigawatts, did you say?

Mr Duggan: For 2030-31—again, this is coming out of the integrated system plan, which is consistent with an 82 per cent target in 2030—for variable renewable energy it is 63.7 gigawatts.

Senator DUNIAM: So we're one-third of the way there on that. On storage, based on those 2023-24 numbers, we are at 2.4 gigawatts of 19 gigawatts. Do you have equivalent numbers around what is coming online with storage as you provided with regard to wind and solar?

Mr Duggan: This is where I turn to my colleagues.

Ms Gowans: We do have a good sense at the moment of which of the projects are in the pipeline in terms of large-scale energy investment in Australia. Under construction in Australia at the moment we have 7,190 megawatts of renewable generation, which is a combination of solar, wind, hydro and biomass. We also have under construction 9,132 megawatts of dispatchable capacity, which comprises battery systems, gas and pumped hydro storage. Of that, there is a considerable amount that has reached a financial investment decision. One other thing I think is really relevant when you talk about the 82 per cent target. It is 82 per cent of what. The way that demand evolves and energy efficiency evolves is really important to understanding how we approach getting on track to that target. It's a percentage of demand. As demand grows through electrification and is reduced through

energy efficiency, we will see over the decade some movement. But the acceleration of the deployment of projects is a very positive sign in terms of getting towards that target.

Senator DUNIAM: In terms of the variable generation, I think you said 7,190 megawatts. Is that right?

Ms Gowans: That's right, Senator.

Senator DUNIAM: Do we know what stages in the pipeline they are at?

Ms Gowans: That's the percentage of projects that are currently under construction. If you look at the number of projects that are in the pipeline expected to proceed but not yet under construction, that's a further 13,620 megawatts of capacity in renewable generation in total and a further 1,200 megawatts of dispatchable capacity. That's where we're including batteries, gas and pumped hydro storage. That is in the pipeline with reasonable confidence that it will proceed but not yet under construction. As I was saying, we have 9,190 under construction now and a further 9,132 megawatts of dispatchable under construction in Australia. In the pipeline but not yet under construction is the figure of 13,620 megawatts of variable bulk energy, as it could be described, and 1,200 megawatts of dispatchable capacity. That is the stage of the pipeline that is a bit further back. I would say that pipeline estimates can differ. Some use calendar years. Some use financial years. The capacity of the project sometimes varies as it develops through the pipeline. We've used Rystad Energy data and data from the Clean Energy Regulator and data from Rystad Energy and AEMO. They are all slightly different. That is how we came to those figures. It is the best estimate we can make at this stage.

Senator DUNIAM: I will bring together all of what you have mentioned there in terms of those projects under construction in both categories. I can't remember the nomenclature you put on that. It is the balance that are not yet under construction. How many megawatts does that bring us to? Over what period are we talking here? Are those not yet under construction intended to be completed by 2030? You are able to tell me these projects. Is there confidence in them completing that process and getting to construction? Do you have any visibility on timelines?

Ms Gowans: It's hard to estimate. I think if a project is under construction in 2025, given the build time of renewables projects overall, particularly solar and wind, you are talking two to four years of construction. With hydro projects, that timing, as you know, can be longer.

Senator DUNIAM: Decades.

Ms Gowans: Exactly. It's going to be difficult for me to give you a really accurate answer about that.

Senator DUNIAM: Okay. In terms of the total number of megawatts of those, I guess, four categories, how much is there coming online both under construction and yet-to-be commenced construction?

Ms Gowans: I have an economist to the left and an economist to the right and a maths challenged member of the team in the middle.

Senator DUNIAM: You have a maths challenged committee as well, so don't worry.

Ms Gowans: I will pass along again and pass up.

CHAIR: If you could make it quite tight, that would be lovely.

Mr Duggan: Ms Gowans has taken you through the different categories of the pipeline. I think it's not unreasonable to add those two figures up. You get a figure of broadly 20 gigawatts worth of projects where it is assessed as either probable or actually has already reached financial close, is committed or has been constructed. Go back to the figures I gave you earlier. If we assume that all that adds to the 2022-23 and 2024 VRE, you see that there are enough projects in the pipeline at that stage of commitment to get you at least halfway to 82 per cent. You go from 21 gigawatts to something like 40-something gigawatts on your way to about 64 gigawatts. As Ms Gowans said, the solar pipeline takes two years, ultimately, for construction. That is a big part of the new build that we see coming through. That is what gives us the confidence that there is a pathway here through to 82 per cent.

Senator Ayres: I suppose the other thing about the pipeline is that it connotes an assessment of the projects that are either under construction or reaching financial close in 2024-25. Policy certainty and stability and a knowable investment framework mean that new projects will be approved. Going through that process of getting financial investment decisions and beginning construction in 2025-26 and 2026-27 in order to keep the pipeline moving, if I can mangle that metaphor, requires policy certainty.

Senator VAN: Thank you all very much for appearing. Mr Duggan, good to see you again. It's great to have you here. I have a couple of very quick questions for you. I had a question on notice from the last estimates. You very kindly produced a table. Would you like the question number? What would assist you?

Mr Duggan: A question number would be great.

Senator VAN: It is SQ25-000017. It is a breakdown of the utilisation of interstate connectors. Thank you for doing that. I did a back-of-the-envelope calculation with some smaller datasets. That has been really helpful. Have you looked at those numbers?

Mr Duggan: I have, yes. I have them in front of me.

Senator VAN: Great. Have you noticed anything about them? When you look at the numbers not in isolation but in conjunction with other work, particularly from AEMO, does anything jump out at you about them?

Mr Duggan: What is probably going to be more useful than me giving you my assessment is for me to get my transmission experts to the table. I am sure they'll be able to give you a much more educated sense of it.

Senator VAN: We're not going to go too deep. We won't have time today.

CHAIR: No; we have a hard crossover at 12 pm.

Mr P Johnson: Senator, I take it your question is about the capacity flows over these interconnectors?

Senator VAN: Correct.

Mr P Johnson: The information in the QON is average export levels.

Senator VAN: I'm very familiar with that. I'm not seeking clarification on that. Does anything jump out at you about those numbers? Have you done any further analysis using them?

Mr P Johnson: No, we have not done any further analysis.

Senator VAN: I can table something if I need to at some point. I don't think I will. Are you familiar with the AEMO's interconnector capabilities from April 2024? I think I've got the most recent one.

Mr P Johnson: No, I'm not.

Senator VAN: I will definitely pass you my copy once I'm done with these questions, because you should be. If you take those numbers that were in the question on notice answer and then you look at the capacity of each of those interconnectors, there's a very real gap both in import and export between what capacity currently exists and what is being utilised. I don't know whether the AER is here yet. We've heard from them previously about the utilisation of assets. They are driving to utilise assets a whole lot more. On my calculations, there's anywhere between four gigawatts and nearly seven gigawatts of interstate interconnection transmission capacity that is not being utilised. Does that surprise you?

Mr P Johnson: No, Senator. This is to do with average figures. The value of an interconnector is more related to peak demand periods. In terms of the value of the interconnectors, their true value comes with peak demand and supply and moving energy between regions at peak demand.

Senator VAN: That is a very good point. You are absolutely correct. Can you talk me through that? Do you know those numbers?

Mr P Johnson: No, I don't.

Senator VAN: It's a very interesting exercise to go back and try to engineer where the value comes from, even the current ones. I can't yet, probably because of my very basic data skills, see where we get to a point that these current interconnectors are economically valuable. Would that surprise you? Have you ever looked at that?

Mr P Johnson: The value, I think, is not revealed by this analysis here. It's not just at the maximum physical capacity or thermal limits. It would also be at the maximum operational limits. As you are aware, they will be constrained at various times because of the constraint equations.

Senator VAN: And that document takes them into account. We can go with more or less for the purpose of this exercise. Would you take on notice to do that piece of analysis for the committee? You were saying peak demand where peak demand is being met by the interconnector. Are you able to do that on a market value of that transmission? Once you hit capacity, there's no more megawatts that can be transmitted. I guess it comes down to a value calculation, doesn't it?

Mr P Johnson: We could look at that, Senator.

Senator VAN: Could you take that on notice for me?

Mr P Johnson: Yes.

Ms Gowans: Senator, you would probably have a shared interest in network efficiency. It is very important for the future of the electricity system. You may have seen the grid optimisation package in the MYEFO looking at grid enhancement technology.

Senator VAN: I did. It was in the budget, wasn't it?

Ms Gowans: Yes, in the budget. It is looking at grid enhancing technologies and how they can play an important role in assisting us to achieve greater network efficiency.

Senator VAN: What sorts of technologies will that include?

Ms Gowans: The types of technologies we think are out for consultation at the moment, with the consultation closing on Friday. It could include a full range of sensing technologies, the dynamic rating of various uses of AI or other sorts of technologies, and some grid optimisation software or mapping that we see right across in every electricity system in the world. We look to try to achieve a build-out of transmission and distribution while really lifting efficiency. We won't be building like for like in a new electricity system. There are new technologies, such as carbon fibre lines that are lighter and able to transport more electricity to reduce friction in the system. There are all sorts of interesting technologies that we are looking to incentivise the deployment of in Australia.

Senator VAN: How much was that package, sorry?

Ms Gowans: I need to check my pack. It's an investment of \$36.9 million over six years and followed the MYEFO in 2024-25.

Senator VAN: I'm not sure whether it's worthwhile putting another question on notice until you've done that other piece of work. It seems to me that you say \$43 million for those efficiency measures. It is about doing an analysis of that amount of expenditure versus the \$16 billion on current numbers that is set aside to build the mega interstate interconnector transmission projects. It would be interesting to see how we could get a more economically efficient use of money. Are some of those efficiencies going to drive even more? Are VTLs, or virtual transmission lines, included in that? We seem to always rush to the big transmission projects versus the more efficiency driving ones, if I'm not putting all my eggs in one basket there. I can see Mr Duggan is itching to answer that question.

Mr Duggan: Thank you, Senator. I think Ms Gowans gave exactly the evidence I would have given, which is that I don't think it is an either/or. I think it is optimise the assets that you have. I think your point is absolutely right. As Ms Gowans went through, the government is making investments in trying to prove up new technologies to do exactly that. I don't think it necessarily detracts from the need to build new infrastructure in order to open up opportunities, particularly given the geographic diversity of where the best renewable energy projects potentially are. I think the integrated system plan, which I know you know well, would say it is the combination of the two.

CHAIR: We are out of time.

Senator VAN: I did have a question for the minister, but I will spare him and buttonhole him another day.

Senator Ayres: I'm in the chair's hands, Senator Van.

CHAIR: Yes. I will be pretty hard today. We have a lot to get through. Thank you very much. We will release program 1.2. I will call officers from the Australian Renewable Energy Agency to come to the table.

Australian Renewable Energy Agency

[12:00]

CHAIR: Welcome, Mr Miller. Do you have an opening statement?

Mr Miller: I do, Chair.

CHAIR: Please go ahead. Have you tabled this statement?

Mr Miller: I think we have, yes. We can do so.

CHAIR: Yes. It's very handy for the committee. Thank you. Please go ahead.

Mr Miller: Thanks for the opportunity to appear on behalf of ARENA. I would like to acknowledge the traditional custodians of the lands we're meeting on, the Ngunnawal and Ngambri people, and extend that respect to Aboriginal and Torres Strait Islander people here today. Since our last appearance at estimates recently on 24 February, we've made three significant announcements that I would like to note. Firstly, on 26 February we announced up to \$10.4 million in funding for two projects from our sustainable aviation fuel, or SAF, funding initiative. ARENA is providing \$8 million in funding to Licella and \$2.4 million to Viva Energy for separate studies to develop renewable fuel alternatives for Australia's airline industry. As we know, aviation is a challenging industry from an emissions reduction perspective. Domestic flights currently account for two per cent of Australia's GHG emissions. ARENA will be working to ensure the lessons from these two important projects help inform the broader development of a SAF industry in Australia.

Secondly, on 21 March, ARENA opened our second round of the industrial transformation stream program, part of the Powering the Regions Fund. This new round has a \$70 million allocation available to support industry to decarbonise. Heavy industry accounts for about 45 per cent of Australia's emissions and energy use. ARENA is

committed to support industry, the backbone of many of our country's regional communities and our economy, as it continues to advance the critical task of decarbonisation. Through the round 1 application process, ARENA has developed a strong pipeline of industrial decarb projects. The pipeline reflects a diverse mix of the innovation taking place within industry from feasibility studies through to low emissions metals and transport demonstrations. The second round is now open until 15 July this year. Round 2 is expanding our focus to support innovation and advancement in commercial deployment, viability and adoption, including supporting trials speeding up demonstration and deployment timelines. The widened scope highlights the need for impact and momentum in the industrial transformation space and seeks projects that will drive real, tangible and scalable benefits.

Finally—I know this came up at the last estimates—I'm pleased to inform the committee that subsequent to the last estimates we had an announcement of the first recipient from ARENA's Hydrogen Headstart program. This is a grant of \$814 million in funding through to the Copenhagen Infrastructure Partners 1.5 gigawatt Murchison green hydrogen project in Western Australia. Australia, as we know, has immense potential when it comes to hydrogen projects. Many projects face challenges due to the current gap between what the market is prepared to pay—the market price for renewable hydrogen—and the production costs. The Hydrogen Headstart program commits funding to bridge the current commercial gap in the form of a production credit, meaning funding is only provided once projects are actually constructed and operational. Enabling hydrogen projects through Headstart is essential to ensuring our economic prosperity as the world transitions to cleaner forms of energy, especially in hard-to-abate sectors, such as ammonia ion and alumina. CIP's Murchison project is an example of how we can leverage Australia's high quality solar and wind resources to produce low-cost renewable hydrogen and ammonia at scale, increasing export opportunities and embedding Australia as a key enabler of global decarbonisation. We remain focused and energised on our work that we do to support Australia's net zero transition. Thank you very much, Chair, for the opportunity.

CHAIR: Thank you very much.

Senator BLYTH: Thank you for that opening statement. I will go to what you ended your statement with, which is the Hydrogen Headstart program. How much money is allocated to the Hydrogen Headstart program in total?

Mr Miller: The first round, which we have been working on, has a \$2 billion funding envelope. A further round was announced of a further \$2 billion. We are essentially able to use that envelope to support projects through round 1. Any remaining funding will be applied to round 2.

Senator BLYTH: Okay. The one program that you mentioned in your opening statement has been granted \$840 million. Are there any other projects that are still waiting to be announced? If so, what is the status?

Mr Miller: I think the last time I was here I said—and, to be fair, consistently over the time we've said—that we would see the first \$2 billion allocation for Hydrogen Headstart as being able to support one to three projects in that range. As you note, we have announced the first one. We are still working diligently with the applicants that have come through. Six short-listed parties, as you know, came through. We have been working with a subset of those parties. There may be further announcements in due course. I think we all appreciate that these are extremely large, complex projects that require many steps and many counterparties to all come together to get to the point of an announcement like that. I note that we're optimistic about the prospects for both the Murchison project and some others coming through. We should also remain cautious that these projects are not done yet. They still have a lot of things to do to reach financial close for the consortia in each case to take the final investment decision. Ultimately, as noted, the Commonwealth is only on the hook for payment when the projects are actually built and actually producing hydrogen. The \$814 million for Murchison is really an upper limit. If they don't produce as much hydrogen as they expect or it takes them longer, it obviously may result in a smaller payment. But that's all part of the contractual negotiations that we're working through.

Senator BLYTH: Have some of these, I guess, other five short-listed projects that are sitting there exited and are not going any further?

Mr Miller: It's complicated because there are commercial interests at play. I am reluctant to provide a great deal of information about what is happening in the background. There are commercial contracts being negotiated. There are various counterparties and boards involved. We ask all of those six projects that we have been assessing to retain confidentiality. They oblige us by doing so. To be fair to everybody involved, we just want to let the process run out its normal course in the background before we come out with a public statement that we are actually supporting a particular project. We are in close contact with all six applicants. They know their status.

Senator BLYTH: I am from South Australia. Our hydrogen plans have been shelved for now. We are seeing this replicated across the country. Is ARENA looking at reviewing the feasibility of this program? Are you all in moving ahead?

Mr Miller: We're all in moving ahead with the program. We think that hydrogen has an important role to play in Australia's decarbonisation journey. It may not be the 50 per cent of decarbonisation that many years ago would have been hyped in terms of the industry, but it's got an incredibly important role to play, particularly where electricity is hard to implement. We're looking at heavy industry, aviation fuel, shipping fuel, the decarbonisation of iron ore into pure iron and the production of ammonia. All the numbers we look at say that hydrogen's role is in the order of 10 to 15 per cent of world decarbonisation. Currently, hydrogen is produced at the rate of 100 million tonnes a year. It represents roughly two per cent of the world's emissions profile. Hydrogen's future is multiples of that we need to produce. Even getting to the 100 million tonnes, replicating that with green hydrogen, is a significant milestone. We are deeply committed to making that work. Australia stands to be in the prime position amongst world economies in the production of hydrogen through the resources we have—sun, wind, land and a trusted trading relationship with key partners in Asia.

ARENA has always played a middle ground. We've never been overhyped and we've never been dismayed by the progress. Of course, there has been evidence of pullback in the commercial market. We think that's just the nature of things as you try to get a new industry up and running. We are very confident in the work we are doing.

Senator Ayres: Certainly the government's approach to these questions is. If a hydrogen project doesn't reach final investment decision, it's like a mardi gras for some of your colleagues; they are so excited. If one is approved—

Senator BLYTH: I think that's unfair.

Senator Ayres: If one is approved—

Senator BLYTH: I think that's unfair.

Senator Ayres: it's like when Molly died on *A Country Practice*.

Senator BLYTH: I think the South Australian taxpayers would disagree with you.

Senator Ayres: Look at other analogous technologies. For solar to get to its first terawatt took 68 years. The next terawatt took four years. As some of these technological uncertainties are dealt with, there will be an uptake of the technology. But the real question for Australia is whether it is commercialised in Australia or other countries get the benefit of that technology. The Hydrogen Headstart project is not like the old Morrison government approach, which is to hurl money at technologies that you like and your friends, basically. It is an approach that is reward upon performance; that is, when the manufacturing of hydrogen takes place in Australia, there is a production credit. As Mr Miller said, the outward limit of that for the Murchison project is north of \$800 million, if I remember correctly. That relies upon that project meeting its production targets. If it's less, it's a lower payment. If it's zero, it's a zero payment. It's a risk-free approach. We are taking a much more pragmatic approach to this than your colleagues have, which is an emotional response to new technology. I understand that, but it's not very helpful when we're trying to build Australian manufacturing.

CHAIR: We will go to Senator Bilyk. I will ask you to be swift.

Senator BILYK: Thank you. You mentioned the industrial transformation stream. That is the stream that supports the industrial facilities in the regional areas to reduce their emissions. That's correct, isn't it?

Mr Miller: Yes, that's correct.

Senator BILYK: How much did you say that received? Was it \$70 million or \$70 billion?

Mr Miller: The program funding envelope that ARENA was provided was a \$400 million fund. Actually it is \$440 million. It is across two streams. There is the \$400 million industrial transformation stream and \$40 million for the National Industrial Transformation Program. The \$400 million fund is regional focused only. The \$40 million fund can be metropolitan too. When we approach the market, we don't offer all \$400 million at once. We talk to the market, understand the technology specific areas where we can focus and then appropriately size an envelope. That is the envelope that I mentioned before. That \$70 million envelope is targeting particular areas and is designed to inspire people to come forward in a short amount of time. Once we've filled that bucket, we will carry on and open up other rounds under that fund.

Senator BILYK: I am interested in how that industrial transformation stream of Powering the Regions has worked in attracting interest from regional facilities in decarbonisation.

Mr Miller: What is the question there?

Senator BILYK: Can you talk to me about how successful that stream has been in attracting interest in the regional facilities?

Mr Miller: Well, we've just announced very recently that stream of work is open. The only success is just interest through our pipeline process with our business development and transactions team. It's too early to give you a meaningful update on the progress in that.

Senator BILYK: Can you tell me quickly where to from here?

Mr Miller: We have that stream open for applications. Mr Faris could probably give me the closing date. I think it is a matter of months. It will garner interest from industry. We will collect that up, and in a future committee hearing we can be more explicit about the number of applicants that have come through and the progress on that.

Senator BILYK: Great.

CHAIR: Senator Van.

Senator VAN: Mr Miller, thank you for appearing. It's good to see you again. In your opening statement you talked about sustainable aviation fuel, and the \$8 million that you've invested recently with Licella and Viva. Is that correct?

Mr Miller: Correct.

Senator VAN: Very good and worthwhile investments, I would say. But can I just check: Viva aren't looking at doing any of their own production, are they? Are they still importing or are they looking to doing offtakes from other producers?

Mr Miller: I don't have at hand the details of the nature of that project, so, if that's of interest, we can take that on notice.

Senator VAN: It's okay; I think I know the answer. I will go back to the hydrogen point, and this may be a question for the minister rather than you, Mr Miller. Talking to the industry, a lot of the headwinds that they're running into aren't being able to produce, the technology, or getting moving; it's having the offtakes, having the markets to sell it into. Is any of the government's thinking towards how we ramp that up? I'll give you a good case in point. Next month the International Maritime Organisation is having its meeting looking at adopting standards around using renewable fuels in shipping. So are any of the programs looking at how we develop those hydrogen offtake markets? If I've got time, I'll ask a similar question about renewable fuels.

Senator Ayres: It's certainly the case that for investors in projects, whether it's hydrogen production or producing components for hydrogen production, offtake is absolutely one of the things that they are focused on. I was recently in Singapore with an Australian business delegation in shipping, and global shipping operators were absolutely engaged on that. That was the discussion that was happening around the table and in that conference, with thousands of delegates from businesses and shipping companies around the world. So there is a mismatch. That's why we say these things are lumpy. There is a mismatch between immediate offtake arrangements. Some firms have very broad offtake arrangements. Some are seeking to secure that. And what we know the medium-term and long-term demand is going to be. There is a role for government, in terms of our facilitative capacity, working with the investment community in these areas. Mr Miller might have more to say—without going into the commercial-in-confidence discussions that they're having about these things—about the kinds of discussions that are going on about offtake security in the sector. It's something that, more broadly, private investors and the other agencies across government that are investing and co-investing in these kind of projects are engaged in. There's no one answer to this problem. The government itself is not a procurer of hydrogen, so we're not in a position to offer offtake certainty ourselves. But we certainly understand that is one of the things that makes it lumpy.

Ms Munro: One other example is that the Australian government has partnered with the German government in an initiative called H2 Global. So that's German money. Effectively, they'll run an auction, which will shore up supply in Germany, and then that difference will be coming out of this joint fund.

Senator VAN: If only we could get more of those around the world.

Ms Munro: So that's a great example of the offtake arrangements.

Senator VAN: Thank you. That's really helpful, Ms Munro. It's slightly different with renewable fuels, and I applaud the \$240 million announcement from the government recently. I assume some or a lot of that will come through ARENA, So hopefully that will go well. But there's a different problem with renewable fuels, renewable diesel and SAF, in that the markets already exist. The products that they make can go into trucks and mining equipment and aircraft even right now. So the markets exist. The \$240 million sounds like it's being earmarked

more for startup—you're leaning into it—whereas the problem they have at the moment is that they need offtakes, mandates, and ways to be able to get to FID on the huge number of projects that are out there, which offtakes or mandates will definitely help them achieve.

Senator Ayres: Perhaps I can provide more specific information. Sustainable aviation fuels is dealt with, in some respects, within the scope of DCCEEW, but it is also partly Infrastructure and Transport. All of the decisions have not been made about how the government is going to approach this question. I guess, at its simplest, a coherent approach to all of those questions that you raise requires certainty and stability and the right investment signals. You can't get those settings perfect, but we are very focused on that as a manufacturing opportunity for Australia, and also to make sure that, for example, our national carrier and the other airlines in Australia remain competitive.

Also, our tourism sector is very focused on this. There are constant representations from our tourism sector about their apprehension that, if Australia doesn't secure investment in these propositions, if the airlines don't move fast enough, then Australia will become a less attractive destination, particularly for convention and conference tourism—that firms will just decide to go somewhere closer rather than come to Australia. That's a very important part of particularly our big cities' and regional cities' tourism market gone if we don't get that right.

CHAIR: I am going to have to wind this up.

Senator Ayres: We will be absolutely focused on that. If the government is re-elected, we will continue to work on that. If Mr Dutton is elected, those efforts will die.

CHAIR: Thank you. We'll go to Senator Roberts.

Senator ROBERTS: Do you ever think about how much taxpayer money your agency has spent on net zero policies, only for power bills to continue to get more expensive?

Mr Miller: Senator, that doesn't occupy much of my time. We're working on innovation to help lower the cost of the core technologies that go into lowering power bills in the long term. And, as you would appreciate, this innovation cycle takes a while. We've obviously seen the success of solar PV, which was maybe written off many years ago, but has come through as the lowest cost form of generation in history, as we've noted in past conversations. I'm very confident, actually, that wind technology, solar technology and battery technology, which is coming down the cost curve rapidly, combined at scale will actually reduce energy costs for Australians.

Senator ROBERTS: Is your job to bring down power bills or give money to solar and wind energy? How much does the Australian Renewable Energy Agency currently administer in deployed capital in terms of loans or equity stakes?

Mr Miller: The objects of ARENA, the agency, are set out in the act. They are to improve the competitiveness of renewable energy technologies, increase the supply of renewable technologies and support Australia's decarbonisation emissions reduction objectives. You'd be aware that we're a granting agency, so none of our funding is provided through debt and equity. It's all through the provision of grants. In some circumstances, those grants are recoupable based on performance of the projects, and we make that decision on a case-by-case basis.

Senator ROBERTS: Thank you. How much did ARENA issue in grants in the most recent year?

Mr Miller: I can get you that in a minute or two. My colleague Mr Faris could probably find that number in the pack. When we think about the progress of our work in terms of project projects, we look at approval rates, which is the key milestone for ARENA when I, under my delegation, or our board, or the minister—

Senator ROBERTS: Getting a project to approval stage.

Mr Miller: When we provide an approval, we then, in most circumstances, are working through to a contract, which ultimately lands to be grant money flowing. But that can take months and years in some cases. But I think in the last financial year we provided approvals of \$497 million, and I think in the year before it was \$540 million. So, per our annual report: funds approved in 2023-24 total \$445 million, and contracts written, which is a later stage, were \$392.5 million in that financial year.

Senator ROBERTS: So what did you call your key measurable indicator?

Mr Miller: Approvals. Well, it's one of many, but, yes, that's an important one.

Senator ROBERTS: What do you categorise as an approval?

Mr Miller: An approval is a decision by the CEO, the board or the minister, with respect to their relative delegations, to provide funding to a particular project in that amount.

Senator ROBERTS: Approve the funding?

Mr Miller: Approve funding, yes.

Senator ROBERTS: Do you know what your total budget allocation is over the forward estimates, the next four years?

Mr Miller: That will be in the PBS, and we will get that number for you if we can. Otherwise, we'll take it on notice and provide it.

Senator ROBERTS: Is that located in one area? Are all the different components of the money located in one area?

Mr Miller: It's an aggregation of various programs and funding pools that we have been provided with by the government over time. Well, let me say governments because we were well supported by the coalition government a number of years ago, and have been even further supported by this government. But it relates to what we call our baseline funding, which is the money that is provided to ARENA where ARENA's board, essentially, is the primary decision-maker on policy and programmatic objectives. And then, in addition, there are about a dozen programs that ARENA is running, with specific funding amounts, and with specific instructions through the policy instruments, and we're managing all of that through the funding. But it all gets amalgamated, ultimately, into the forward estimates amounts. So I'd be very happy to read you the figures in the forward estimates for each year, revenue from government, if that would help you. The current year's revenue from government is \$425 million. The budget for next year is \$709 million. The year after that, it is \$735 million. Then we're at \$1.1 billion, and then we're at \$1.117 billion for the final year of the forward estimates.

Senator ROBERTS: Thank you. That's a lot of money.

CHAIR: Last question, Senator Roberts.

Senator ROBERTS: Ever since ARENA came on the scene—when was that?—you've been issuing grants and loans in solar and wind. Have people's power bills actually got cheaper?

Mr Miller: It's not my jurisdiction to talk about power bills, but we came on the scene on 1 July 2012, and as I—

Senator ROBERTS: In 2012?

Mr Miller: Yes, 2012, and, as I mentioned before, we don't do loans. We do grants.

Senator ROBERTS: You don't do loans—well, issuing grants then. So you've been spending billions of dollars, and power bills have gone up.

Senator Ayres: Well, Senator, you should—

Senator ROBERTS: I'm asking Mr Miller. You don't need to—

Senator Ayres: Yes, and I'm entitled to drop in from time to time. It's one of the inconvenient bits of estimates for senators who ask questions. If you go and talk to your constituents in the main street of a country town somewhere in Queensland—

Senator ROBERTS: Which is what I'll do.

Senator Ayres: Yeah, I know. We saw you beaming in. But if you talk to them and then listen to the answer that they give you—engage in a conversation—what you'll find is that many of them have solar technology on their roofs, which substantially decreases their electricity costs.

Senator ROBERTS: Well, I actually was talking to a shopkeeper yesterday, and she said—

Senator Ayres: Fascinating as that is, I am just going to keep answering your question.

Senator ROBERTS: power bills have gone up tremendously.

Senator Ayres: That is technology that was invented in Australia. All of the IP in solar panels all around the world—it's Australian, right? It's something that we should be proud of as a country—invented here, substantially reducing costs for households, with some of them earning a quid because they are under residual agreements.

Senator ROBERTS: Without your subsidies, without your energy relief, the costs would be higher than ever.

CHAIR: Okay. And we are running out of time.

Senator Ayres: They are substantially benefiting from that technology. Now, it's different for different households. Our job as a government is to make sure that the lowest-cost technology is in the system, and also to make sure that more of those Australian inventions are commercialised here in Australia and manufactured in Australia, and Mr Miller and ARENA's work is to make sure that more of that technology is commercialised in Australia, and they're doing a very good job indeed.

Senator ROBERTS: Your policies are driving up prices.

CHAIR: And, on that point, I'm afraid we have to thank you very much for coming, Mr Miller and Mr Faris, and release you from this program and call officers from the Australian Energy Regulator.

Mr Miller: Thank you, Chair.

Australian Energy Regulator

[12:32]

CHAIR: Hello, Mr Oliver. Thank you so much for coming. Mr Justin Oliver, Deputy Chair, would you care to make an opening statement on behalf of the Australian Energy Regulator?

Mr Oliver: Thank you, Senator. I won't make an opening statement. Of course, you will have observed that I'm not Clare Savage, the Chair of the AER.

CHAIR: I had noticed, yes.

Mr Oliver: Sadly, she—

CHAIR: It's not our place to judge.

Mr Oliver: She wasn't able to get on a plane to be here today. She's fine but not a hundred per cent well and felt she didn't want to share whatever she had with everyone else here, so she made the decision not to attend. She sends her apologies.

CHAIR: She has our thoughts and hopes for a speedy recovery.

Mr Oliver: Thank you very much.

CHAIR: We'll start with you, Senator Roberts.

Senator ROBERTS: Thank you all for being here today. The default market offer for electricity prices is going up yet again. You published a draft notice, I understand, contemplating rises between 2.5 per cent and 8.9 per cent. For 20 years, Australians have been told that wind and solar are the cheapest form of energy, yet electricity prices are going up again. Mr Oliver, are you seeing any kind of indications in the bill stack that show you will be able to actually cut the default market offer for electricity prices in the near future?

Mr Oliver: There are a few different components, as you mentioned, in that stack that go to comprise the default market offer. It is ultimately, of course, only the benchmark offer that's applicable to standing offer contracts. That's less than 10 per cent of customers in most regions. Most pay less, of course, because they're on market offer contracts, which typically sit under those default levels.

Senator ROBERTS: It is representative, isn't it?

Mr Oliver: Not representative, no. I'd say it's more of a safety net. So it's more at the upper end of what most consumers would pay. For example, a customer might not have gone into the market, not shopped around for a market offer, and might be on a standing offer contract. As I say, that's generally less than 10 per cent. But the vast majority of consumers pay less than the default market offer price. Indeed, the ACCC put out a report in December last year as part of their electricity price monitoring saying that roughly 80 per cent of consumers could pay even less than they are today if they continue to shop around.

Senator ROBERTS: So do you see any signs of the default market price coming down?

Mr Oliver: There are a few key components. The biggest variable is wholesale cost. Network costs are reasonably steady year on year. Retail costs have gone up, at least in our draft decision this year, but we're still studying those. In terms of the wholesale cost component, we have seen over the last year some high-price events in the spot market, some volatility in the spot market. That is continuing to put upward pressure on the forward contract market, the prices that ultimately are responsible for setting a lot of the wholesale energy cost. They're difficult to predict year on year. We don't necessarily see them continuing to increase. If market conditions alleviate, that wholesale cost can potentially come down. We will, of course, look at those again more closely before we put out our final decision.

Senator ROBERTS: My next question was going to be this, but I think you've answered it: in the data you're seeing, is there any realistic hope that electricity prices can go back down to what they were five years ago under the current policy settings?

Mr Oliver: Well, it's a question of time. We don't anticipate that kind of decline between now and the final decision. But there are obviously plans in place to continue the rollout of renewable generation and other forms of generation as well across the energy market, across the NEM, and, as we see more of that generation capacity coming into the system, that will alleviate pressure on wholesale costs. There's work underway at the moment to look to orchestrate and utilise all of the consumer energy resources that we have in the system at the moment—20 gigawatts of rooftop solar, for example, which could be utilised more effectively to also bring down those

wholesale costs as well. There are various ways. It's a number of pieces that need to be looked at to do that. But yes, all of those trends will, over time, see the wholesale cost of energy come down.

Senator ROBERTS: So those trends will help reduce the full bill stack?

Mr Oliver: Yes.

Senator ROBERTS: Emissions reduction was recently added to the national electricity objectives of price, quality, safety, reliability and security of supply. Can you provide an example of a project that went ahead after the emissions objective was added that would have been rejected under the previous objectives, or a project that was prioritised higher?

Mr Oliver: I can't think of one specific project that would meet that criterion. We would probably need to take that on notice to see if we could identify one. It is, as you described the objective quite correctly, one that has a number of different facets. So, whenever one is making a decision that requires the application of that objective, it's about weight and deciding how various things are taken into account. What the amendment does is say quite explicitly that one of the things to be considered is emissions targets and objectives that are enshrined in policy and legislation, but that doesn't necessarily point to a project which then gets up that might have otherwise failed. I can't think of one now, but we might take that on notice as well, just to confirm that.

Senator ROBERTS: So you had four factors: quality, safety, reliability and security of supply. You've had added now emissions reduction. So you can't see any project that has been brought forward because of emissions reduction at the moment?

Mr Oliver: I can't think of one now. I'm glancing at my colleagues and they're not nodding either, but we'd perhaps take that on notice just to see. It may well be that the answer would be that there's no project that would meet that specific criterion. It affects other things of course, in terms of proposals for expenditure in a network proposal, for example. There might be a stronger case for investment in a particular area that might otherwise not have been as strong a case. But those are very complicated and multifaceted decisions where you're looking at a lot of different things.

Senator ROBERTS: How do you assess the relative weights of those now five criteria?

Mr Oliver: We don't do it in any specific quantitative sense. If, for example, it is an expenditure proposal, we would be looking at the driver behind the proposal, why the network, if it is a network project, says that they wish to undertake that expenditure, who they've consulted with, which of the objectives they're trying to meet, and whether they're doing it at the most efficient cost.

Senator ROBERTS: Thank you.

CHAIR: Thank you. We'll go to Senator Cadell.

Senator CADELL: I refer to the DMO that's just come out in New South Wales. I don't know about other states; I haven't delved into that as much. Network charges in New South Wales include things like the EnergyCo consultation, and the Climate Change Authority, and there's a fee in there and it went from something like \$190 to \$250 million. Is that happening across all the states or is that specific to New South Wales? What are the non-network charges that are in the network charges side of this?

Mr Oliver: There are some costs that are specific to New South Wales associated with the New South Wales road map—

Senator CADELL: That's correct, yes.

Mr Oliver: and we make a contribution determination each year under the New South Wales legislation that governs the road map. I call it the EII Act, and I'm now trying to remember the exact words. They do include some network costs around some of the projects that are being undertaken there. They also include certain other fees and costs that might be incurred by EnergyCo, and some costs incurred by the Australian Energy Regulator as well, although I'm pleased to say it's a smaller component. So there are some additional costs associated with the administration of the road map, and also the administration of other features of the road map, like the long-term energy supply agreements and other functions that find their way into those costs as well.

Senator CADELL: According to the numbers I was given by an energy provider, that has increased by \$60 million over last year? Would that be accurate?

Mr Oliver: I would need to take that on notice. It sounds like it might be right, in terms of orders of magnitude.

Senator CADELL: I was told \$190 million to \$250-ish million.

Mr Oliver: I don't know if we have the figure to hand. It might be right. Can we take that on notice perhaps, and we'll confirm the figure? But it's possible, yes.

Senator CADELL: And that side of stuff is specifically New South Wales?

Mr Oliver: That is all New South Wales.

Senator CADELL: By New South Wales legislation that those contributions are made via the network charges on their energy bill?

Mr Oliver: That's correct.

Senator CADELL: Do any other states do something similar?

Mr Oliver: Nothing exactly the same as that. No other state has a scheme that's exactly the same as the road map scheme in New South Wales. There are different ways the different costs are taken into account, but that's unique.

Senator CADELL: The increase in the DMO for New South Wales was 8.9 per cent. Was that the highest?

Mr Oliver: I think that was the highest. I'll just check the figures.

Ms Jolly: That's correct.

Mr Oliver: I think that would be for Endeavour Energy Region residential with controlled load, at 8.9 per cent. Yes, that was the highest. It's still the draft, of course; it's not final. But yes, that's the highest figure in that draft determination.

Senator CADELL: So Endeavour was 8.9. What are the other regions in New South Wales?

Mr Oliver: There's the Ausgrid region, the Endeavour region and the Essential Energy region, and then there are three customer categories in each. And I should say these figures are nominal, not real. For residential without controlled load for Ausgrid, the proposed increase year on year increase was 8.8 per cent; residential with controlled load was 8.2 per cent; and small business without controlled load was 8.2 per cent. For Endeavour Energy—again, year on year nominal—it was 7.8 per cent for residential without controlled load. Residential with controlled load, as I mentioned, was 8.9 per cent; small business without controlled load was 7.7 per cent. And then, in the Essential Energy region, residential without controlled load was eight per cent; residential with controlled load was 8.3 per cent; and small business without controlled load was 7.8 per cent. That is taking just some of those figures. But it is worth mentioning as well that the DMO is a lot of numbers. It's the actual benchmark charges, the benchmark consumption et cetera.

Senator CADELL: I get that. I was just getting concerned that New South Wales legislation might be putting extra burdens on with the way they're doing things. It was clearly the highest across the country.

Senator Ayres: There are two things about this. Firstly, it's the draft. Perhaps Mr Oliver might be able to explain the process that the AER goes on from here. And, yes, you're right, with the different market conditions, different generation and transmission infrastructure, different regulatory frameworks in each of the states, and different distributors and retailers, there's a lot of information that the AER deals with to reach that draft determination. It goes out for a process now. And whether or not the final determination is close to the draft determination will be determined by that process. I say all this, of course, to make the point that the two outcomes could be different. In 2022, Mr Taylor allowed this draft determination to go out, which said one thing, and then the final determination that he sat on and kept a secret from Australians had a radically different outcome—18 per cent increases for health. On 7 April, 72 hours before that, in a completely secret way, he changed the regulations to allow him, three days before the election, instead of immediately issuing that determination so that people could see it, to keep it a secret, so that it only arrived for people and for the incoming government to see after that sordid government had departed. So these process points are important. The AER still has important work to do in terms of the DMO.

Senator CADELL: So, if this is a draft, when is the final determination due?

Mr Oliver: Towards the end of May. I think the 26th is the current target date.

Ms Jolly: The 26th.

Senator CADELL: So after the election?

Mr Oliver: We don't know when the election is going to be called.

Senator CADELL: It can be no later than 17 May.

Mr Oliver: Indeed, but that deadline was set a long time ago, last year.

Senator Ayres: There are no tricks here, unlike Mr Taylor's corruption of the processes. This has been there for all to see all the way through—all the way through.

CHAIR: Are we all done?

Senator DUNIAM: No. Sorry.

CHAIR: It's totally fine if you aren't.

Senator DUNIAM: I figure we could all go home, given the election, apparently, is going to be called tomorrow now! Under this draft default market offer, as I understand it, the determinations in 2021-22 relating to the—

Senator Ayres: It's maybe the Prime Minister who determines that, rather than you, Senator.

Senator DUNIAM: Yes, the Department of the Prime Minister and Cabinet tweeted that the caretaker conventions now apply and then deleted the tweet.

Senator Ayres: Well, I don't have social media on my phone, because I try to keep my mind clear.

Senator DUNIAM: With regard to the work that you were talking about earlier, in relation to Western Sydney, I think it was just over \$2,000 for a controlled load customer, and, in the draft determination, prices for that same customer group are going to be a bit over \$3,000. Is that correct? It's the Endeavour group, yes.

Mr Oliver: I hate to say this, but I'm going to need you to repeat the question because I didn't hear all of the details.

Senator DUNIAM: There was a bit of noise going on there, I know—totally irrelevant to anything we were talking about. The 2021-22 prices on the Endeavor Network for Western Sydney customers were, as I understand it, just over \$2,000, and the same group of customers under your draft determination are facing prices of just over \$3,000. Is that correct?

Mr Oliver: You use the word 'prices,'. I think those figures sound right but, of course, they're not the benchmark rates in the default market offer decision. So, for a standing offer customer with that profile, which is an assumed profile, that would be what they would potentially pay. But, of course, for an actual customer, it's going to depend on whether they're on a benchmark price or a market offer price and their actual consumption as well. So, for the changes in numbers, I would have to check the specific details. They sound about right, but that isn't necessarily reflective of prices being paid by a customer in that region.

Senator DUNIAM: Do you think the prices being paid by a customer reflect a reduction of \$275 on 2021 prices?

Mr Oliver: We don't monitor prices actually paid. The ACCC does do that through their price monitoring. We talk about the rates. They have not gone down in market offer terms, or standing offer terms, to that extent, but prices actually paid are a different outcome.

Senator Ayres: See what happens if you add \$1,200 to it—say, if an alternative government was elected. If an alternative government was elected, it would be \$1,200 on top of that.

Senator DUNIAM: Have they gone down at all? You said they haven't gone down to perhaps the extent of the rates.

Mr Oliver: From 2021 to now?

Senator DUNIAM: Yes.

Mr Oliver: And the rates or under the default market offer? No, I don't think they'd be lower today than they were then.

Senator DUNIAM: Okay, so they're no lower than then, and I suspect higher?

Mr Oliver: Yes.

Senator DUNIAM: Minister, we were just talking about the 82 per cent target with previous witnesses and, based on the numbers given, I'm not 100 per cent sure how the government intends to reach its 82 per cent renewable generation target, which so many other plans are predicated on. We've just had further confirmation that 275 is a dream long gone now for Australian households. There's no reduction in line with the promises made by your government. And, of course, as we know, the 43 per cent emissions reductions target by 2030 is something you're struggling to meet as well. So I just want to know: are you going to apologise for any of these policy failings, and will 275 remain part of your government's policy offering at an election you're about to call?

Senator Ayres: Having questions about electricity prices from the coalition is a bit like Hannibal Lecter talking about public health. The reason—

Senator DUNIAM: Do you really think that we should joke about the power prices people pay? Is it funny?

Senator Ayres: I didn't interrupt your inane question.

Senator DUNIAM: An inane question about power prices?

Senator Ayres: I will answer the question. It is a product of a decade of energy policy failure that scores of generators closed under your watch—that disinvestment in the electricity system, whether it's in terms of generation or transmission. These things are all facts—inconvenient facts perhaps, but facts nevertheless. The less the supply, and the more constrained transmission is, prices go up. And that is substantially the result of the failure of the Morrison, Abbott, Turnbull miserable trajectory of energy policy failure.

Senator DUNIAM: Yet you have no plan to fix it.

Senator Ayres: Don't take my word for it; talk to anybody in any boardroom who makes investment decisions about where electricity infrastructure goes, and you will find that the driving reason for disinvestment in Australian electricity over that period, which is why more capability left than came in, was the electricity policy incoherence of the last government. Looking at what's going on in the system now, price rises are driven by coal-fired generators dropping out all of the time. And, looking to the future, what we've done is introduce new generation capacity, and we continue to rebuild after the smoking ruin that your government left. The only alternative plan on offer comes in two parts: \$600 billion of taxpayer-funded nuclear reactors in communities that don't want them, that will require substantial cuts in health and education and public services for ordinary Australians if it's to be afforded.

Senator DUNIAM: \$275?

Senator Ayres: Well, \$600 billion is a very substantial sum—that will deliver four per cent of Australia's electricity requirements sometime in the 2040s. And, in the meantime, because your team has adopted the progressive change scenario as a good outcome for Australia, manufacturing goes offshore. So the problem with your analysis—or what passes for analysis—is that it just defies the rules of basic economics and basic engineering. We are getting on with the job. We're supporting Australians through this process. I know that you're opposed to energy bill relief—

CHAIR: Senator Ayres—

Senator Ayres: I'm happy to be interrupted.

CHAIR: I believe that Senator Darmanin has a couple of follow-up questions, and our friends and colleagues have completed their questioning.

Senator DARMANIN: My questions are about the low profiles. AEMO, you and others have previously raised concerns about the profile of electricity whereby prices can fall to zero or even negative during the day due to the large solar output, but then during the evening the prices rise significantly with the peaks. Can you just talk a bit to us about the problem that causes this, the impact that it's having on the system, the scale of the impact and, I guess, the resultant cost for consumers.

Mr Oliver: Thank you, Senator. It's both a problem and an opportunity. I think that is how we would see it. We do now have over 20 gigawatts of rooftop solar installed in the NEM. It's now the single largest source of generation capacity that we have. But it does mean, as you say, in the middle of a typical day, on a sunny day, you'll have consumers who are drawing less electricity from the grid because they're using their own power, and then a lot who are actually exporting as well because there's surplus energy. Most of that energy is being exported. It's being produced at very, very low cost, obviously.

That also means that what we call the load shape, the shape of demand over the course of the day over the network, becomes very much peakier—you have higher peaks and deeper troughs. So you have periods when prices do go negative, in the middle of the day. Essentially, generators are notionally in the spot market having to bid to pay to be dispatched. And we have periods, in fact, when supply outstrips demand and there's a need for the market operator to curtail output, either of larger generation or even rooftop solar generation through the backstop mechanisms in order to keep the system operating in a stable fashion. Those attributes do increase the cost of our energy system. If you're a retailer and you're trying to hedge against that peakier load profile, it is more costly to hedge against. It was one of the factors that contributed to higher wholesale costs in our draft DMO determination. But, for the networks as well, having additional capacity going into the system puts pressure on to augment and increase the capacity of the distribution system, in particular to handle that increased load to deal with that congestion. That is one of the drivers—not the only one—of what we sometimes describe as a wall of capex that we fear is potentially coming down in future years to try to accommodate that increased utilisation or demand on the network.

So that's the potential problem, but that's the opportunity as well, if that load shape can be flattened. If we can make it less peaky, if we can reduce those troughs, we make it an easier, cheaper load profile to hedge against for a retailer, we potentially save a fortune in capital expenditure on the distribution network. Right now we would say that in off-peak periods we're utilising, on average, maybe 10 per cent of the network at any given time. If we can move more demand into those off-peak periods, we potentially use more before we have to build more, which is a line we use at the AR as well. That's probably the biggest saving of all, the opportunity to avoid very significant expenditure in our distribution networks. That's the opportunity if we can flatten that. There are a few different ways to do that, but chiefly it's about trying to soak up more of that electricity in the middle of the day—charging electric vehicles, storing it in batteries, household batteries, community batteries, or moving demand into the middle of the day. Not everyone can move demand, but there are customers who are potentially able to shift their consumption to the middle of the day when the electricity is a lot cheaper, small business customers potentially as well, not all but some. So if we can find ways—and there are various tools and levers we can pull to try to encourage consumers to move more of that consumption to that period—we then have the opportunity to flatten that load shape, and that's going to produce a much lower cost system overall.

Senator DARMANIN: Thank you.

CHAIR: Great. Thank you. The minister has referred a couple of times this morning to coal outages and the negative impact they potentially then have on prices, including their price then on the DMO. Are you able to quickly talk to us about what impact extending the life of those ageing coal plants would have, on pricing basically and reliability?

Mr Oliver: Probably the best example to illustrate that would be the current DMO decision. As I mentioned, wholesale costs are generally increased in our current draft compared to where they were last year. We did have a series of high-price events in November and early December last year. That was driven by a number of factors, but one of the factors was outages of generating units, coal units in particular.

CHAIR: Sorry, coal units in particular, did you say?

Mr Oliver: Yes, and other factors too.

CHAIR: Why is that?

Mr Oliver: Often they're planned outages, of course. Sometimes units do have to be taken out to be refurbished or worked on and planned maintenance does occur. There are unplanned outages as well. Units do sometimes fail. And, as they age, the risk of failure obviously does increase.

CHAIR: And, obviously, that then has an impact on the price.

Mr Oliver: That's correct. Once you take that baseload generation out, and particularly if other things start going on as well, on a fairly calm, benign day when the market isn't facing any particular challenges, units can be taken out of service. That's ideally when planned outages are undertaken. But if it coincides with network constraints, weather events, and very high periods of demand, then those events can combine to start to produce very high spot prices.

CHAIR: Excellent. Thank you very much. On that, I'll thank you for coming along and playing along with us today. We will release you from the program. We will now take a break and return with outcome 2 in the department.

Proceedings suspended from 12:59 to 14:03

Department of Climate Change, Energy, the Environment and Water

CHAIR: Welcome. I would now like to call officers from the department in relation to outcome 2, conserve, protect and sustainably manage Australia's environment through a nature-positive approach; program 2.1, conserve, protect and sustainably manage Australia's environment. We will go directly to Senator Duniam.

Senator DUNIAM: Thank you, Chair. Could I go to the North West Shelf Project please. On what date and at what time did the minister or the delegate decide to extend the deadline for the assessment of the extension of the North West Shelf Project to at least the end of May?

Mr Edwards: A formal notice for Woodside was signed notifying them of the extension on 24 March, and the public notice was published on 25 March.

Senator DUNIAM: Was that signed by the minister or by a delegate in the department?

Mr Edwards: By a departmental delegate.

Senator DUNIAM: From memory, it was an extension to the end of February, then March, now May. What was the reason behind the latest extension?

Mr Edwards: There are a couple of factors, Senator. You might recall that, in an earlier time frame, we were awaiting a key piece of analytical data from Western Australia. We did receive that. That's a very complex piece. I think I talked about the level of detail in that last estimates, but briefly it's around 700 pages long, with a range of technical appendices to that as well. So the level of complexity in assessing and finalising that and considering it against the statutory requirements the act has exceeded what we would have expected, once we saw that report and actually started analysing it. The other element is that we received an additional reconsideration request and now need our turn to minds to that. That one was received on 18 March. Those two elements together really mean that we need some extra time to be able to provide a robust recommendation to the minister.

Senator DUNIAM: There are a couple of things I'd like to unpack there. So the data you were awaiting from the WA government came in between the end of February and the end of March?

Mr Edwards: No. We received it on 5 February.

Senator DUNIAM: So 5 February, and you were reading it up.

Mr Edwards: And started analysing it. So it took a number of weeks for our technical area to analyse that report.

Senator DUNIAM: Where are you at with that process in relation to this data now? Is the assessment of that data finalised?

Mr Edwards: We've analysed that data. We are now in the process of turning our mind to how you would consider that and the broader impact information that we have against the requirements of the act. And we're consulting with the Australian Government Solicitor in working through that process.

Senator DUNIAM: Okay. So that process, along with the reconsideration matter you just referred to, is the reason for the further extension. Is there no further data required from the WA government? We've got all we need?

Mr Edwards: We believe so. To be honest, Senator, we'll go through this, and we'll get some feedback from the solicitors. If there are any gaps in what we need, then obviously we'd need to address it at that time.

Senator DUNIAM: You might have to. Just in terms of that reconsideration received on the 18th, that is an additional one to the one we talked about last estimates. Was the WA Conservation Council the first one?

Mr Edwards: The one on the 18th was Greenpeace.

Senator DUNIAM: Greenpeace, yes. Okay.

Mr Edwards: Sorry, the 19th. I might have the wrong date. I'm sorry about that, minister. It was 19 March. I'll just correct my evidence there. So that's Greenpeace. The Conservation Council, I believe, was 12 February. So that was one of the reasons we had to extend that initial time frame. We got the data quite late and we had a reconsideration request. Now we are in a process of having understood some of that data and seeing how complex it is and trying to reconcile that with the act's requirements and having received now a third reconsideration request that needs attention.

Senator DUNIAM: Okay. Has the Conservation Council's 12 February reconsideration request been finalised yet? Have you dealt with that?

Mr Edwards: We haven't. At this stage, we think fairly soon we will make a determination about whether we consider that a valid request.

Senator DUNIAM: Clearly you're not on the 19th, given it was just around a week ago.

Mr Edwards: That's correct.

Senator DUNIAM: And all of this has been communicated to Woodside—the further reconsideration, the identity of the party who has lodged the reconsideration request?

Mr Edwards: That's correct.

Senator DUNIAM: On what date was that conveyed to them?

Mr Edwards: We had a discussion with Woodside on 21 March, which was last Friday.

Senator DUNIAM: Okay. So two reconsideration requests were made. Was there another one previously?

Mr Edwards: Yes. Ms Calhoun might run you through that.

Ms Calhoun: We currently have three reconsideration requests for this project. The first was received from Environmental Justice Australia on behalf of the Environment Council of Central Queensland. That is a reconsideration request that has been tested against the validity of the regulations and is currently being considered. We then received, as Mr Edwards said, one from the Conservation Council of WA on 12 February

2025. And we're currently looking at the validity of that reconsideration request. And we received the third one from Greenpeace on 19 March, and the validity of that is being looked at at the moment.

Senator DUNIAM: Okay. On what date did the North West Shelf Project first get referred to the Commonwealth for assessment?

Ms Calhoun: It was referred on 14 November 2018.

Senator DUNIAM: Did you say 2024?

Ms Calhoun: 2018.

Senator DUNIAM: Sorry, the extension proposal—that's when you first received it.

Ms Calhoun: That's correct.

Senator DUNIAM: I'm just trying to reconcile that with a statement Minister Penny Wong made in which she said we've only had this information before the Commonwealth government for a number of weeks.

Ms Calhoun: It was referred on 14 November 2018. A controlled action decision on that referral was made in May 2019. Then we determined that it would be assessed through an accredited assessment process, which allowed the state to undertake it. So the Western Australian government undertook that. They went through their normal process. There is also the appeals process which applies in Western Australia, which extended the time frame. They then released their final ministerial statement on 12 December 2024. Once that ministerial statement comes out, we then review the conditions that are in the ministerial statement and see whether it meets the test of the EPBC Act and determine whether the project can be approved or not and what conditions may be necessary on top of what might be in the ministerial statement, based on Commonwealth legislation. The additional information that was being referred to is what Mr Edwards referred to before, which was that report that we received from the state government in February, which was to do with emissions and the impact on rock art up in—

Senator DUNIAM: That's what the Minister Wong—yes, and that's what the minister,

Ms Parry: That's the piece of information that Minister Wong was referring to earlier in the day; it was when we received that final data from the WA government.

Senator DUNIAM: Mr Edwards, did you say on what date the Commonwealth received that further data?

Mr Edwards: I believe it was 5 February.

Senator DUNIAM: In the conversation with Woodside, have they quantified in any way the impacts of any delays on assessments around the extension?

Mr Edwards: No, Senator.

Senator DUNIAM: They haven't? As part of the exercise, is any consideration given to the royalties that the project contributes to WA or to the Commonwealth or anything like that? Is that part of the assessment process?

Mr Edwards: No, it's not part of the assessment.

Senator DUNIAM: Do we expect that 31 May deadline to be the latest? The last two extensions have been, I think, a month at a time. We've now asked for two months. Do we expect that would be it, or are you not sure?

Ms Calhoun: We're still looking at the information that we have before us to see if we can determine whether the impact can be managed with the conditions set for the consideration of the project. So that's the best assessment that we have at this point in time, based on the information before us. As Mr Edwards said, we're working with the Australian Government Solicitor, and then we need to ensure that the decision is legally sound. So we will look at the advice we get and then determine how we could get to the end point. And, at this time, 31 May is an adequate time, we believed.

Senator DUNIAM: Thank you very much. I'll move on to the legislation that passed the parliament last night, relating to the reconsiderations, the salmon legislation, as it's become known. What involvement did the department have in the drafting of the legislation? We talked a bit last time around the role that would be undertaken by DCCEEW, and I saw Mr Tregurtha in the advisers box there, for his sins. So what role did the department have?

Mr Tregurtha: The department instructed the Office of Parliamentary Counsel to draft the legislation.

Senator DUNIAM: It was stated last estimates that the activity would be led by the Department of the Prime Minister and Cabinet. Did they have a role in this?

Mr Tregurtha: Absolutely, Senator. I think, as our colleagues in PM&C discussed at the previous estimates hearing, they were certainly leading the project broadly, and there are a range of different aspects of the projects.

But, in relation to your question, which is the drafting of the legislation, it was the department of the environment that instructed OPC to draft the legislation.

Senator DUNIAM: Okay. Did the department of the environment also lead the consultation with industry?

Mr Tregurtha: No, Senator.

Senator DUNIAM: What input from industry was provided when it came to the instruction to OPC, as in trying to make it work for industry, the users of this legislation?

Mr Tregurtha: There were a range of inputs from a range of stakeholders to the drafting of the legislation. I know you're very well aware that the department has been consulting on environmental reform now for a long time, including the regulatory system, which incorporates the reconsideration component. We certainly did draw on that consultation to inform the design of the bill. In addition, we drew on the submissions that were put into the inquiry into Senator Colbeck's proposed private member's bill in relation to this matter. There was a range of stakeholder views set out there. Then, of course, we've also worked with our colleagues in the Department of the Prime Minister and Cabinet as we've developed the bill. We've been in close contact with them and they have certainly passed back to us information. You asked us a question specifically about industry. The Department of Agriculture, Fisheries and Forestry, with PM&C, as you, again, I'm sure are aware, engaged with the salmon industry stakeholders and Macquarie Harbour salmon farm operators to understand their concerns and lessons learned from their experience, including the reconsideration process. And, of course, that material was shared back with us via colleagues at PM&C.

Senator DUNIAM: On what date did the drafting start at OPC?

Mr Tregurtha: In terms of OPC, Senator, I'm sure we can get that date for you, but I couldn't give you the specific time when they put pen to paper. I'll take that on notice.

Senator DUNIAM: That's fine. Do we know on what date the industry representatives were first shown the contents of the legislation that was ultimately introduced?

Mr Knudson: As Mr Tregurtha just mentioned, that's a question best directed to the Department of Agriculture, Fisheries and Forestry and/or the Department of the Prime Minister and Cabinet.

Senator DUNIAM: Sure. I'll see them a bit later. When was the drafting of the bill finalised—the version that was presented to me on Monday?

Mr Tregurtha: I'll have to check with my colleagues, Senator, to make sure I give you accurate information on that because, as you'd be aware, we were continuing to work on the final details of the bill. But I expect I'll be able to come back to you in the hearing and give you a specific date for that.

Senator DUNIAM: If you can, that's great. Otherwise, I know there are questions on notice provisions that the secretary is assiduously policing over there. You said that others were consulted, that it was a broad consultation, and industry was one part. What were the other elements of consultation process that you're aware of, noting that PM&C led the process?

Mr Tregurtha: Senator, I was just making reference to the fact that we had undertaken, broadly, consultations on the regulatory process. We've ventilated that, I think, substantially in previous estimates.

Senator DUNIAM: Ad nauseam, some might say.

Mr Knudson: Bordering on ad nauseum, Senator.

Senator DUNIAM: Yeah, they were my words, that's true. Did the minister's office have a role in the drafting of the legislation or was it purely done at a departmental level?

Mr Tregurtha: Well, Senator, the department certainly kept the minister's office aware of the work that we were doing in relation to the drafting and continue to keep them apprised of the progress of that process—and also ensuring that the way in which we were drafting aligned with the government's directions.

Senator DUNIAM: You weren't part of the pre-sitting briefings, the department of the environment. That was the minister's office that conducted those briefings for me and, I presume, the crossbench and others?

Mr Tregurtha: Yes, that's correct, Senator; we weren't involved in those.

Senator DUNIAM: Minister, are you able to tell me on what day other parties were briefed on the legislation in the lead-up to the sitting week? I suspect you'll have to take it on notice.

Senator Ayres: I could speculate for you, Senator Duniam.

Senator DUNIAM: Or you could take it on notice.

Senator Ayres: I could use the power of imagination to try to figure it out.

Senator DUNIAM: Why did I do this? Why did I open this door?

Senator Ayres: I think that urgent suggestion to me would be to take that on notice—

CHAIR: Go on. You've started. There's about three-quarters of an hour to answer this question, Senator Ayres.

Senator DUNIAM: I love a good fiction novel too, but—

Senator Ayres: but in the event that I can assist you on Monday, say, for example, I'll do my very best.

Senator DUNIAM: I'll fly to New South Wales and get the answer from you there!

Senator Ayres: Yes, I'll take that on notice if, that's okay.

Senator DUNIAM: Thank you. You are really earning your keep today, can I tell you.

Senator Ayres: Oh, yes!

Senator DUNIAM: Do we know whether the minister's office provided a copy of the legislation in advance to anyone in the Tasmanian parliament?

Senator Ayres: I know the answer to this one: I'll take it on notice.

Senator DUNIAM: Fair enough.

Senator Ayres: I just don't know, Senator. If we can help you, we will.

Senator DUNIAM: I'm sure they're listening and preparing to answer questions imminently. Maybe there's nothing else here that I want to ask at this point. I did ask, in our briefing, how many projects were caught up under the threshold that now will apply relating to this section 78 change. Do we know how many projects will be impacted?

Mr Tregurtha: Senator, we don't have a specific number because, of course, the way in which the department evaluated the criteria was by undertaking a risk based process. The department is confident that the criteria set out in the bill, and where there's a valid reconsideration request, would only likely impact less than one per cent of the total number of projects referred under the EPBC Act, because of a combination of requiring a valid reconsideration request and needing to meet the criteria set out in the bill.

Senator DUNIAM: So we can't quantify.

Mr Tregurtha: As you would understand, Senator, a project only meets the criteria once a valid reconsideration request has been received, validated, and then tested against those criteria. So we don't speculate on that.

Senator DUNIAM: No, but the thresholds were pretty hard and fast—five years or less.

Mr Tregurtha: Absolutely.

Senator DUNIAM: There's state regulation, non-controlled action.

Mr Tregurtha: Correct.

Senator DUNIAM: So I would have thought you could almost—

Mr Tregurtha: The department certainly is aware that there are close to 1,200 NCA-PM decisions.

Senator DUNIAM: Twelve hundred—that's all I was after.

Mr Tregurtha: No, no, 1200 NCA-PM decisions, but then, of those, it's a subset that would meet the state and territory management arrangement criteria in the particular matters. Then there's a further subset, which is the 'operating for five years or more', which would need to be established.

Senator DUNIAM: So you don't have that; that would require work. Fair enough. At what stage was the minister's consideration of the request that was put forward relating to Macquarie Harbour's salmon farming as at yesterday? Was it in the department or was it in the minister's office, the brief relating to it?

Mr Edwards: Senator, I can answer that one. That brief is with us in the department. The minister returned the brief in February for us to consider the latest IMAS report, and we've been and continue to be in the process of updating advice to the minister based on that latest data. So we haven't finished that process yet, as of yesterday.

Senator DUNIAM: Alright. The bill hasn't received royal assent yet, has it?

Mr Knudson: Not as far as I know, Senator?

Senator DUNIAM: Do we know when it's scheduled to go?

Mr Knudson: We'll come back to you as soon as we know, but we haven't been informed yet.

Senator DUNIAM: Okay. So there's a risk that it may not be before the election. Then can I go to resourcing related to the work on Macquarie Harbour salmon farming. First, how many staff were working on this issue with regard to the reconsideration and then to the drafting and related matters?

Ms Parry: Senator, we can take that question. I think you might have asked that on notice. We're just going back to the questions on notice, unless the staff can answer it.

Senator DUNIAM: Maybe I did. Have I received the answer though? That's the question. I know I've received some, but maybe not all.

Mr Edwards: Just checking that.

Senator DUNIAM: Yes. I don't think we have an answer yet, my trusty colleagues tell me.

Mr Edwards: Ms Short has that answer.

Ms Short: In response to the question on notice SQ25-000084, we responded that the total number of DCCEE staff working on the review of Salmon Farming in Macquarie Harbour was six regulatory staff. In addition to that six were other staff across the department that provided expert advice from time to time and administrative officers. The largest number of staff working at any one point in time on the reconsideration process was 10, with some further oversight from SES.

Senator DUNIAM: Thank you.

Ms Parry: Can I just emphasise, Senator, that would have been in the context, as Ms Short has just indicated, of working specifically on the regulatory part of it. It does not count the kind of internal expertise that was called upon from our colleagues in the International Environment, Reef and Ocean Division, Heritage Division et cetera, who would have been called on during that process as well.

Senator DUNIAM: So in excess of. Okay.

Mr Tregurtha: And, Senator, from our side, in terms of the legislative development process, our best estimate from my perspective would be around eight full-time equivalent, but that is a combination. Those eight weren't fulltime on this task so they would continue to do environmental reform work. And the eight would include effort from our legal team that supports us to brief OPC on drafting instructions for legislation as well. So that eight is a collective figure across the task force and legal. And those people, of course, have other duties interspersed around it, but that's probably the best I can do.

Senator DUNIAM: No, that's pretty good. Thank you very much.

Mr Knudson: Senator, may I get back to you on your question about the quantification of how many projects this will apply to?

Senator DUNIAM: Yes.

Mr Knudson: We do have a few facts and figures, based upon the internal risk-based analysis we did. Again, I would remind you that we've got 7,800 referrals under the act. Fifteen per cent of those referrals have been found to be not controlled actions in a particular manner. So that gets you down to the 1,200.

Senator DUNIAM: Yes.

Mr Knudson: Of those, only a minority would have any reference to a state or territorial management plan in those particular manners, so that narrows it down further. Then, obviously, we've talked about the operating piece, which Mr Tregurtha said would have to be established.

Mr Fredericks: That's the five years.

Mr Knudson: Then all of that is conditional upon there being a valid reconsideration. The number of reconsiderations has been two per cent of overall referrals under the act. So it really tells you why we have such strong confidence that this will not apply to 99 per cent or more of the projects that have been referred under the act. I hope that helps.

Senator Ayres: I think you've heard some evidence here this morning, Senator, that establishes that the additional staffing footprint that the government has funded in the department, that your leader says he wants to cut if he's elected as prime minister, does mean a more efficient approach to dealing with these kinds of issues. It offers a real public benefit for industry and for workers. But, as I understand it, your indiscriminate 41,000 job-killing program will leave that floundering.

Senator DUNIAM: I'd hate for you to speculate, so—

Senator Ayres: Well, it's not a speculation. Look, it was 36,000. Yesterday, it was 41,000. At this rate, who knows where it will end up?

Senator DUNIAM: In the 2025-26 budget, there's no further budgeting for any of the elements of the pursuit of nature positive that we've seen previously. Is that because there is money left to expend on the work that the department needs to do? How much is left in the budget to continue that work?

Ms Parry: I can answer part of that question, Senator. You might recall that \$121 million over four years was provided to establish the EPA.

Senator DUNIAM: Yes.

Ms Parry: Of that funding, ahead in 2025-26 and 2026-27, there's \$76 million remaining of that \$121 million.

Senator DUNIAM: So what's that—\$40-something million has been spent on the establishment of the EPA so far?

Ms Parry: Yes.

Senator DUNIAM: So is work continuing then? Of the remaining \$76 million of that \$121 million, what work is left to be done?

Ms Parry: Senator, you will recall that the breakdown of the \$121 million also included new compliance and assurance functions.

Senator DUNIAM: Yes.

Ms Parry: So, obviously, there's a very strong continuation of the compliance activities happening as a result of that funding. For instance, a lot of that funding was used to update compliance activity, which has seen more compliance outcomes in 2024 than in the previous nine years combined. So there's been a very strong focus on compliance, a very risk-based approach. We've established a front door to receive and assess allegations of non-compliance, using a risk-based framework. We've identified an offset monitoring strategy. We've continued to do, basically, a regulatory uplift across all of the eight pieces of legislation. So all of that work will continue as part of our regulatory maturity. In terms of the actual standing up of the organisation, again, money was used to invest in ICT systems when we were transferring systems between departments to establish what the critical ICT needs are, again, to ensure we have sound ICT to support our regulatory activities. The work around mapping what it would take to stand up the legislative requirements, and corporate requirements, all of the enabling service needs, workforce planning et cetera has all been done, and, should a future government look to continue with an EPA, we will be ready, because that work has been done. Also, Senator, it is important to say that the work that we've invested around compliance, regulatory uplift, ICT—all of that—is just part of a regulatory maturity journey, whether there's an EPA or not an EPA. That's just good sound principles that underpin regulation.

Senator DUNIAM: I might come back to that compliance element in a moment. Minister, there was reporting this week that the EPA is now a policy commitment. Is that the case—that the government will go to the election preparing, if elected again, to establish an EPA?

Senator Ayres: What you've heard, I suppose, affirms that is indeed the government's commitment. And the regulatory activity that's been undertaken thus far is good for industry, because it means is that bad actors are caught in the net of regulatory activity, and that good actors aren't made less competitive because others are cutting corners and doing damage. Of course, a re-elected government would consult very closely with industry. But I think there is agreement across the system, including within the previous government and serious characters within the Liberal and National parties, that our environmental laws need updating, including this proposition, which is about further maturing the way that the Commonwealth, in an efficient way, oversights environmental protections and engages with participants about that. That's clear. You yourself have said we need to reform all of the EPBC Act. It's outdated. It's no longer fit for purpose. Everyone agrees. It's a pity that didn't lead to your voting for the legislation. We'll continue to work with the community and industry on those questions and we'll get reforms in this area of public policy that are good for the environment, good for industry and good for efficient outcomes and growth in our regions.

Senator DUNIAM: Minister, what was in the redacted documentation released in response to an order for production of documents about the secret deal between the Greens and the government around the establishment of the EPA?

Senator Ayres: Well, I haven't seen that, Senator. It sounds like, if I had seen it, I wouldn't know, because it was redacted. I

CHAIR: I think the base principle here is that it was redacted.

Senator Ayres: There are no deals here. We have a policy proposition and we're dealing with the reality of a parliament where your side of politics, in an alliance with the Greens political party, regularly blocks sensible reforms.

CHAIR: Entertainingly, including environmental reforms.

Senator Ayres: And that's the reality of the parliament we were dealt with. We, as a government, took a decision to not proceed with legislation in front of the parliament some months ago. That's because progress couldn't be made. An opportunity to make progress was lost. If we're elected, we'll take the same approach—that is, we have a reform agenda, we will pursue that reform agenda, and we won't be doing what your side of politics and the Greens political party do on an increasingly regular basis, and that is reach sordid accommodations in your own political interest. We'll pursue good public policy outcomes in the public interest.

Senator DUNIAM: Sure, okay—hence the redacted deals.

Senator Ayres: There's no deal.

CHAIR: There's no deal. The only deal was with you lot.

Senator DUNIAM: What was the deal?

CHAIR: With you and the Greens.

Senator DUNIAM: No, we didn't do a deal.

CHAIR: You know, you guys, that's what—

Senator DUNIAM: I can table it later, if you want—the redacted information which talks about the agreement between the Greens and Labor, but we won't waste our time. You said there's a proposition, Minister, so it is a proposition. I presume it's identical to the one that you just mentioned that has been withdrawn. Is that what will be pursued after a re-election of an Albanese government?

Senator Ayres: Well, there's an election, then there'll be further work with industries and the states. I certainly don't envisage what the final shape of that legislative reform package will be. It will be consistent with what I've just said, and, more importantly, consistent with what the Prime Minister and the minister have said about the shape of legislation. We will bring good legislation to the parliament that achieves the objectives that we seek to achieve, and we'll work across the parliament to try to secure support for that. In this case, in this parliament, we have not been successful. We will bring a new package to the new parliament if we're elected—we're not getting ahead of ourselves—and it will reflect the objectives that sensible actors across the spectrum, industry and the environment movement, agree needs to be undertaken. In the meantime, as the department has outlined, within the constraints of the EPBC Act, we have been engaged in an uplift of the regulatory capability that the department has and we've been working to improve the speed of approvals and to deal with all that in a coherent and logical way, which is a stark contrast from what happened under the previous government.

Senator DUNIAM: Last estimates, I asked about the ACIL Allen modelling of the impact of nature positive laws. Has the department, since that last session, had a look at that report at all?

Mr Tregurtha: No, Senator. As I think I explained last estimates—just bear with me for one second—that was a private report that was sourced by an actor, I think, in Western Australia, from memory, and that has not been provided to the department. So we have no visibility of that report at this time. It's a private matter between WA and ACIL Allen.

Senator DUNIAM: Given that elements of it appear to have been published in the media, have you reached out to the entity? I'm not sure whether it was CME WA, or whoever it was that commissioned it, or it might have been an amalgam of them.

Mr Tregurtha: It was commissioned by the Chamber of Commerce and Industry, as we understand it.

Senator DUNIAM: CCI WA. Have you reached out to them to procure a copy of the report?

Mr Tregurtha: Certainly, Senator, we speak regularly with CME and the Chamber of Commerce and Industry. We haven't sought a copy of the report directly from them.

Senator DUNIAM: Will you seek a copy from them?

Mr Tregurtha: Senator, it's a private report. If we require information, we will seek information from those who we require it from. I can't speculate in relation to whether or not we will seek it in the future. There might be circumstances in which we would. Equally, I think there are potentially circumstances in which we wouldn't.

Senator DUNIAM: Sure. It may well be full of holes. I don't know. They've commissioned a report which said things like that this would result in a 38 per cent increase of wholesale electricity and an 8.3 million tonne increase of carbon emissions, and the list goes on. It contains some concerning assertions relating to the notional package being developed by the government. I just wonder why the government hasn't sought a copy of that to stress test it and see whether there is something that needs to be tweaked. They were a party, I gather, to the consultation process that was ongoing.

Mr Tregurtha: They certainly were.

Senator DUNIAM: So they'd be providing you feedback about this stuff?

Mr Tregurtha: And they have provided us with feedback from each of our consultation sessions, and we've continued to take that consultation into account as we have been developing the environmental reforms.

CHAIR: Were you aware of any of the figures that were put into the domain out of that report?

Mr Tregurtha: Only insofar as what has been reported, Senator.

Senator DUNIAM: Have you done any analysis on whether those claims were accurate or not?

Mr Tregurtha: No, we've relied on the information that was provided to us through the consultation processes, Senator.

CHAIR: Senator McKim has come on line. Senator McKim, I believe you are seeking the call. Senator McKim, you might want to tip your screen or blur your background, please, as per message. The same rules apply on the VC.

Senator McKIM: If you go to another senator, I'll clean things up.

CHAIR: Thank you. Senator Duniam, maybe you'd like another one.

Senator DUNIAM: Oh, hi. It's good to see you all again.

CHAIR: It's been so long!

Senator DUNIAM: Yeah. I was actually going to use this interregnum to figure out what I was going to ask next in this hastily cobbled together session of estimates. Let's go to the nature repair market if we can. Just while they're setting up, Mr Tregurtha, has any modelling been done on the economic impact of the Nature Positive Plan, as part of the work the department has done?

Mr Tregurtha: In preparing the Nature Positive Plan, Senator—I'm going back a couple of years now—a range of work was undertaken to establish the plan, information that supported the plan. In terms of the specifics of that, and whether any of it would be characterised as specific economic modelling, I'd probably have to take it on notice and go back and double-check.

Senator DUNIAM: That's fine. Thank you.

CHAIR: We have Senator McKim. Senator McKim, we will go to you now.

Senator McKIM: My apologies to everyone [inaudible] of woke. I've got some questions about the legislation that passed through the Senate last night. I understand Senator Duniam has also asked some questions about it. Can I first ask about the criteria that are established in the new subsection 3a—and that is the provision that requires that the minister not revoke the first decision if a number of criteria are met. Is the department confident that those criteria actually catch salmon farming in Macquarie Harbour?

Mr Fredericks: We're just doing a change of personnel here, Senator.

Mr Edwards: Senator, we've certainly reviewed the criteria and, obviously, the facts we know about the Macquarie Harbour project. And we do believe at this point that, yes, it would be applicable to the amended reconsideration provisions.

Senator McKIM: Thank you. Will those criteria allow for the reconsideration of any other salmon farming operations in Tasmania or allow for the primary decision to be revoked in the case of any other salmon farming operations in Tasmania?

Mr Edwards: Senator, we haven't applied those criteria to other projects. I think my colleagues have already presented evidence to the point that there are actually very few projects that, on a desktop review, would seem to be applicable to the criteria. But, as the regulator, I certainly haven't drawn my lens across individual projects, aside from the one I just mentioned, because we're obviously actively considering that project.

Senator McKIM: I apologise. I'm not aware of the response saying that the criteria would catch very few projects. Was a number provided?

Mr Knudson: What I outlined was that there have been roughly 7,800 referrals under the act. Of those, about 15 per cent of them were not controlled actions if done in a particular manner, which was about 1,200 or so. And then, of those, a minority relied on, or had, a state or territory management plan of some nature in the particular manner. Further, Mr Tregurtha then added that, with respect to the criteria about operating for five years or longer, that would have to be established for those individual projects, but you can imagine that would reduce it even further. And, on top of that, if you meet the three criteria laid out in the legislation, you would also have to have a valid reconsideration afoot. And the number of projects that have had a request for a reconsideration is two

per cent of the overall referrals. So when you combine those two sets of facts, that is why we have very strong confidence that more than 99 per cent of referrals under the act these criteria will not apply to.

Senator McKIM: Are you able to provide an estimate of the number of potential reconsiderations that these criteria would apply to, or would be caught by these criteria?

Mr Edwards: Senator, I can advise that there's only one valid reconsideration request that we believe those provisions apply to, and that is the Macquarie Harbour project.

Senator McKIM: Thank you. How many reconsideration requests are currently before the minister?

Mr Edwards: There are different types of reconsideration requests. I wouldn't have a full number in front of me. For this amendment, it's obviously only relevant to NCA-PMs. Most reconsideration requests, although there are not many of them, would be seeking a reconsideration of a controlled action decision that had been made at the referral point. You might be familiar with the Living Wonders case, and really that would make up the lion's share of current active reconsideration items.

CHAIR: Senator McKim, would you mind if I asked a quick follow-up question in there?

Senator McKIM: Sure.

CHAIR: In terms of the reconsiderations that you're talking about, when you were talking about North West Shelf before you listed three environmental ones. Are they all environmental? What's the proportion of reconsiderations that are requested by type of request—be it ENGOs, proponents et cetera?

Mr Edwards: The vast majority of reconsideration requests—and I don't know if I've got an exact figure, but we're talking about three quarters—would be from proponents. This is proponents actually seeking some reconsideration of a regulatory decision in that case. That's the majority of the time. So the feature is not actually used as much as perhaps is talked about in the public domain.

CHAIR: The impression is that they're all environmental requests, but you're saying that's not true.

Mr Edwards: That's not true. The vast majority are the proponents, or the approval holders, if like, themselves.

CHAIR: Thank you. Sorry, Senator McKim, please go ahead.

Senator McKIM: Are you back to me, Chair?

CHAIR: Yes.

Senator McKIM: Thank you. Your minister, Ms Plibersek, wrote to the Tasmanian Premier on 6 November 2023 and said that oxygenating equipment on its own will not be enough and that lower salmon farming industry loads in Macquarie Harbour must be taken to change low oxygen levels and poor water quality to help the maugean skate population.

Senator Ayres: Sorry, Senator McKim, it's very hard to hear. I expect that it's just whatever the line is, but could you just go a little bit more slowly for me?

Senator McKIM: I can, and my apologies, Minister. If this is inaudible, I'll log back on again, so apologies for that. I was asking about a letter that Minister Plibersek wrote to Tasmanian Premier, Mr Rockliff, on 6 November 2023 that said that oxygenating equipment on its own will not be enough and lower salmon farming industry loads must be taken to change low oxygen levels and poor water quality in the harbour. I wanted to ask at what point and based on what advice did the government decide that oxygenating equipment alone would be sufficient?

Senator Ayres: As you indicated, I'm representing the minister, so I haven't been engaged with that letter. I haven't seen the surrounding context, so I'll take the substance of it on notice. But it is the case that the substantial commitment that the Albanese government has made to Macquarie Harbour is not just confined to that oxygenation activity that you have referred to. There are other components of that, including skate breeding programs, that kind of work. But, in terms of the engagement between the minister and your local state government, I'd have to take that on notice.

Senator McKIM: Thank you. I'll put a couple of other questions in on notice on that matter but, just in the interests of time, is the department aware that on 29 January this year the Chief Veterinary Officer for Tasmania gazetted a revocation of prohibited matter declaration in the Tasmanian government *Gazette* which revoked the listing of *Piscirickettsia salmonis*, which is the bacteria that is likely responsible for the million-plus fish deaths that we've seen in Tasmania in recent weeks, as a prohibited matter? Is the department aware of that?

Ms Parry: Senator, the department is broadly aware of it, but that is actually more for our colleagues in the DAFF portfolio than it is any matters of regulation under the EPBC Act.

Senator McKIM: Was your department consulted by anyone in the apparatus of government in Tasmania before that gazettal was made?

Ms Parry: I'll have to take that question on notice, Senator, but, again, given that DAFF would have the primary responsibility for that, I would expect those questions would have been directed to DAFF

Senator McKIM: Since the Prime Minister wrote the letter that he wrote to Salmon Australia last month—that was the letter, just for the avoidance of doubt, in which he committed to legislating—has any advice been provided to or from the Threatened Species Scientific Committee regarding the uplifting of the maugean skate from endangered to critically endangered?

Mr Knudson: Senator, I think, as we talked about in the previous estimates, that's expected by October of this year, but there hasn't been anything subsequent from the last estimates hearing.

Senator McKIM: Thank you. Has the minister met with salmon industry interests this year?

Senator Ayres: I don't know, Senator. I'll take it on notice, I suppose.

Senator McKIM: Does anyone in the department know whether the minister has met with salmon industry interests this year? Has the department been asked to brief the minister prior to a meeting, for example?

Mr Fredericks: I'm not sure we can say one way or the other, to be honest with you. We will take it on notice for you.

Ms Parry: We'll take that on notice.

Senator McKIM: Thank you. Has the department met with Tasmanian salmon industry interests this year?

Senator DUNIAM: We certainly haven't, on the side that was doing the development of the legislation.

Ms Maguire: We have members, in fact a co-chair, of the recovery team for maugean skate, and members of the industry are on that recovery team.

Senator McKIM: Have there been meetings of that taskforce this year?

Ms Maguire: Yes, there have. I don't have the exact dates. I think there's been at least one meeting in the last month.

Ms Jago: Correct.

Senator McKIM: Could I just ask you, on notice, to find out for me the date of that meeting and any others which have occurred this year?

Mr Fredericks: Yes, all good.

Senator McKIM: Thank you. I'm having a little bit of trouble hearing you, as I think you might be with me. Was that an affirmative response to that request?

Mr Fredericks: Yes, it was. We'll take it on notice, Senator.

CHAIR: Yes, the line's not great, Senator McKim.

Senator McKIM: I beg your pardon?

CHAIR: I said the line's not great.

Senator McKIM: Chair, with your indulgence, what I might do is log off and log back on.

CHAIR: Sure. We'll rotate the call. We are coming towards the end of this session but, if you log off and log back on, we'll see if we can get a better connection, and we'll go to Senator Duniam in the meantime. Thank you, Senator McKim.

Senator DUNIAM: Thanks. I was going to pick up on nature repair markets. Thanks for coming. My questions are pretty straightforward. Has the market begun operation yet?

Ms O'Connell: Yes it has, Senator.

Senator DUNIAM: On what date did it begin operating?

Ms O'Connell: The commencement of the market was 1 March 2025.

Senator DUNIAM: Do we know what's been expended on its establishment and operation so far?

Mr Bennie: In terms of 2024-25, there is \$17.6 million allocated for the establishment of the market for the department. And then there's funding for the Clean Energy Regulator in terms of the operation, which is \$14 million over 2024-25 and 2025-26.

Senator DUNIAM: Over two years. All right. And nothing beyond the next financial year? It's just those two years.

Mr Bennie: That's correct.

Senator DUNIAM: Why is that? Why is that not into the forward estimates?

Mr Bennie: Funding beyond 2025-26 is going to be considered in future budget processes.

Senator DUNIAM: Okay. And was 1 March the original intention, to have it operating by now, or was it an earlier date? Can you remind me?

Mr Bennie: The bill was passed in December 2023 and the minister at the time indicated it would take at least 12 months for the arrangement to be put in place. So over the course of that 12 months the arrangements of the Clean Energy Regulator were established, methods were developed, a biodiversity assessment instrument, and the statutory committee as well.

Ms O'Connell: And the first of the instruments was given life to in December 2024, so that's 12 months after the legislation. That was the rules instrument, and then following that there are a number of other instruments.

Senator DUNIAM: Do we know if any of the funds in the contingency reserve have been earmarked for use on the nature repair markets at all?

Mr Bennie: The budget announced the Australian bushland program—I think that's the right phrase—and the \$250 million, which my colleague could elaborate on further. But those funds do include funds that have been earmarked for purchasing outcomes through the nature repair market, specifically for protection.

Senator DUNIAM: Is there anything else to add to that, Mr Knudson?

Mr Knudson: Sorry, Senator, can you repeat the question?

Senator DUNIAM: I was just asking—and I think the answer was \$250 million.

Mr Fredericks: I think we've already given the answer.

Senator DUNIAM: So that's the full detail? Okay. We'll go to the budget announcement of the 30 by 30 target and the extra, I think, \$212 million in the budget. I think pre-budget the minister announced that \$250 million would be spent on further work to meet the 30 by 30 targets. I'm led to believe, according to the budget papers, I think, that the funding for this is in the contingency reserve. Is that right?

Mr Manning: Yes, the funds are currently held in the contingency reserve.

Senator DUNIAM: I'm no Treasury or Finance expert, but is that normal? It's set aside for a particular program to be administered by this department. Why is it in the contingency reserve?

Mr Manning: In this instance, I understand it's just in relation to the timing of the announcement and the decision and when the decision was made to go ahead with the program relative to when the budget and the PBS were central in that.

Senator DUNIAM: So it's just a mechanical issue.

Mr Manning: An issue of proximity to the announcement and the budget.

Mr Fredericks: Senator, you and I have had this discussion before. That's not unusual. It's not usual, but it's not unusual.

Senator DUNIAM: No, I've just confirmed that it's mechanical more than anything else.

Mr Fredericks: It's mechanical, yes.

Senator DUNIAM: So, at some point in time, this will be released from the contingency reserve into the department for administrative funds. That hasn't happened yet?

Mr Manning: No, not yet.

Senator DUNIAM: When do you expect that will happen?

Mr Manning: Imminently, once they're the other side of the budget.

Mr Fredericks: Sometime soon. I expect Finance will give us a steer on that in due course.

Senator DUNIAM: Have we had any areas of land earmarked for removal from future public use in relation to reaching this 30 by 30 target?

Mr Manning: No. There's no land earmarked for removal from public use.

Senator DUNIAM: Well, locked up, I suppose, rather than removal.

Mr Manning: The program, including 30 by 30, in general is not about locking up land as such.

Senator DUNIAM: Preserving.

Mr Manning: Preserving and protecting or conserving are the two terms that we use.

Senator DUNIAM: Any of those terms—well, let's go with that. Are there any lands earmarked for any of the definitions you've just outlined?

Mr Manning: You might recall that last year, Senator, we published a 30 by 30 road map, together with the states and territories. That road map sets out basically the criteria and the principles by which we will identify areas where we would grow the protected area estate. That includes, for example, working towards a comprehensive, adequate representative reserve system. It includes areas that are of particular importance for biodiversity, climate change resilience and connectivity in relation to the existing reserve estate. So these are the kinds of principles that road map set out. So as we implement this program, they become our guiding way forward in relation to the areas of land that we work towards conserving and protecting.

Mr Knudson: Senator, one thing to really emphasise here is that all of this will be a voluntary decision by the state government, a landholder et cetera. So it runs very contrary to the idea of locking land up.

Senator DUNIAM: Yes, I don't imagine DCCEEW officials marching across the land, compulsorily acquiring. How was the dollar value of this envelope of funding calculated for the budget measure?

Mr Manning: Obviously, we've been working hard to work towards the 30 by 30 in this current term. We've made some good progress in terms of lifting the numbers. I think we started at 22.1 per cent back at 30 June, 2022. The current estimate, I think, is that we're now at 24.3 per cent. And the major program that has done the lifting through that time has been the Indigenous Protected Areas Program. So I guess the figure that we've looked at has been based upon our experience in terms of working to grow the estate through that program. We've also been implementing another program, for which we had funding through the NHT, which is called the Protecting Important Biodiversity Areas Program. That was a \$25 million program which enabled us to trial a number of different ways to grow the estate, working with the states and others. So I guess it's really between our experience of those various measures and the policy work we've done in developing the 30 by 30 road map, which has given us an indication of the kind of funds that you see here.

Mr Knudson: Going back to that, you mentioned the CAR principles in the assessment of what would be set aside for protection. As a result of that, was anything anywhere in the country specifically identified or earmarked for protection?

Mr Manning: Not as yet, under this particular program. Obviously, we've just had the announcement. But we will continue that work that I was alluding to in order to identify those areas going forward.

Senator DUNIAM: Sure. You mentioned that 22.3 per cent is our current situation.

Mr Manning: The current situation, where we are now, we believe is 24.31 per cent.

Mr Fredericks: On land.

Mr Manning: That's on land. Sorry, yes—to clarify.

Mr Fredericks: On land, yes, as opposed to sea.

Mr Manning: That's the land, not the land and marine.

Mr Fredericks: The water's much higher, and therefore the aggregate is much higher.

Senator DUNIAM: Between land and marine, yes. Just sticking to terrestrial for the moment, if we can—so the 24.3 per cent—what does the balance equate to in terms of area, hectares? Do you know?

Mr Manning: I'm sorry, Senator, I was distracted.

Senator DUNIAM: That's alright. What does the balance of that equate to?, It's 30 per cent, and we're at 24.31 per cent for terrestrial protection? What does that equate to in area—in, say, hectares?

Senator Ayres: It's 55.61!

Senator DUNIAM: Sorry, what? Who invited you!

Mr Knudson: Senator, it's 186 million hectares.

Senator DUNIAM: I think I might be at the end of my questions here.

CHAIR: That's lovely, Senator Duniam. Any last questions?

Mr Knudson: Senator, there is just one last point I would make. There is the equivalent of another two per cent of Australia currently being negotiated with First Nations to add to the Indigenous protected areas. That would take us from 24.3 per cent to up to 26 per cent in change. But those are active negotiations, and those take time to settle. But we feel quite confident that those will be landed as well.

Senator DUNIAM: Whereabouts are those areas?

Mr Knudson: The negotiations on the IPAs are across the country.

Senator DUNIAM: Across a range of areas.

Mr Knudson: Yes. The minister, when she was announcing this program, talked about an Indigenous protected area in the north-east of New South Wales, for example. So that is really high value from a biodiversity standpoint—the prospectivity there. That's just to give you an idea. She was making the point that they're not all in the middle of the desert.

Senator DUNIAM: No, I figured not. Are you, on notice, able to give us a bit of a listing of where those are—as far as you can, given it is a negotiation.

Mr Knudson: Yes, it is. But we'll work with our IPA area to come back with as much detail as possible on what the current negotiations are and also what has been established over the last two and a half years.

Senator DUNIAM: Given that the parliament will likely be prorogued, we may never see that, but anyway.

CHAIR: Well, Senator Duniam, seeing as you seem to know a lot more about when the election is being called than the Prime Minister—

Senator DUNIAM: I read it in the paper.

CHAIR: Senator McKim has advised us that he will not join us any further. I call Senator Davey.

Senator DAVEY: Thank you. This is specific to the IPAs and the negotiation process. I have been dealing with one of our local groups on an IPA. On average, how long does an IPA application and negotiation process take?

Mr Knudson: We are just getting the officials that are leading those negotiations to the table, Senator.

Mr Sullivan: Senator, with IPA processes, it's hard to generalise on how long they take, because they take as long as they take in terms of consultation with traditional owners. Some have taken in the order of 10 years; others are a lot quicker than that. In that context, we are really facilitators for traditional owners to come to agreement on what the future land uses are for their lands.

Senator DAVEY: What role do states have in the process?

Mr Sullivan: Varying roles. In some IPA processes in the past, Senator, states have really ignored us. Others become genuinely involved in that process because, obviously, it has impacts with respect to state conservation management and also land use. Ms Stevens may have more information on any particular examples you want to raise with respect to states?

Ms Stevens: No.

Mr Sullivan: No? I just threw her under the bus!

Senator DAVEY: I'm just interested because I know that, in some cases, it's actually state land where the application is put in, such as state forestry or state parks. So I'm wondering whether that helps or hinders the process if you're dealing with governments as opposed to others.

Mr Sullivan: Let me take that on notice, Senator, in terms of whether we can come up with specific examples for you. My experience with respect to development of Indigenous protected areas has been, really, that facilitation role of government, including other government sectors, both local and state, in that process, to make sure that those processes where traditional owners get to agreement can be implemented as the traditional owners have set out for themselves.

Senator DAVEY: As you mentioned, your role is to facilitate. Are there mechanisms by which Indigenous applicants for an IPA process get any financial or other assistance to help them manoeuvre the process, which sometimes takes over a decade?

Mr Sullivan: Sure. This time I won't throw Ms Stevens under the bus. I'll just open the bus door!

Ms Stevens: Thank you, Senator. In relation to the Commonwealth role, it's a grant program and so, effectively, we provide funding through that process. So it's an application from an Indigenous organisation in terms of an area of land that they would like to see dedicated. They go through a lengthy consultation period and we fund that process. As Mr Sullivan mentioned, that can take time; it's a self-determined process, usually between about three and five years, to get from consultation to dedication, but it will depend on the number of stakeholders in the area of land that Indigenous people need to work with. And then, once dedicated, we continue to provide funding for them to undertake a range of activities that relate to the plan of management, which is very much focused around environmental activities on ground to protect the landscapes within the IPA.

Senator DAVEY: So it's just a bit indeterminate. So you're providing funding for the process to help them through the process, which they enter into, often in very good faith, knowing that it's going to take a number of years, but then it becomes ongoing. In the case of the people I'm aware of, it took up to 14 years. How do you

ensure, if it's a grant process, that they don't get five years down the track through this process and all of a sudden haven't got capacity to continue?

Ms Stevens: The program is a funding program. It's usually a four- to five-year cycle. If it were an ongoing program, it would make it much better for the proponents to have certainty long term, but that's a matter for government.

Senator DAVEY: Okay. Maybe we'll look into it!

Ms Parry: Chair, could I just add something? Senator McKim asked a question about the recovery team meeting. We indicated there was one held this year. It was held on 18 February.

CHAIR: Thank you very much for that. We'll now release officers for this outcome, and we will move on and call the officers from the Director of National Parks. Mr Archer, Director of National Parks, has been waiting patiently online.

Director of National Parks

[15:15]

CHAIR: Would you care to make an opening statement, Mr Archer?

Mr Archer: No opening statement.

CHAIR: Senator Duniam.

Senator DUNIAM: How long did it take to complete the South-east Marine Parks Network review?

Dr Musso: Your question was how long it took us?

Senator DUNIAM: Yes.

Dr Musso: The process started with the first statutory consultation process, which ran between March and May 2023. You can look at March 2023 as the commencement. We actually had done some work previously, which included an independent evaluation of the implementation of the previous plan which was published at the time the first consultation went live.

Senator DUNIAM: In effect, that is just shy of two years. How does that rank in terms of the time taken to get to a conclusion on a marine park review?

Dr Musso: The time possibly was extended somewhat because we also ran in parallel, related to that, a process for declaring all of the exclusive economic zone around Macquarie Island as marine park. That took some of the time. I don't think I have good terms for comparison. This was the first management plan for a network that was reviewed.

Senator Ayres: The right answer is that this was the first, and Macquarie Island did present some timing challenges through that process. Obviously, we have learnt some lessons from that for the next set of statutory reviews, which are due by 2027-28.

Senator DUNIAM: In the management plan that was developed at the end of the review process it mentions that the plan establishes tighter rules and prohibitions for some industrial activities with the premise that these activities should happen outside of marine parks where possible. Are you able to step us through what specifically those activities are and how we arrived at that conclusion?

Dr Musso: Yes. The important premise which the government considered is that the south-east marine region is significantly under pressure from climate related impacts. There was an intent. The intent was to lessen disturbance in the marine parks as much as possible. The previous management plan included a multiple-use zoning that allowed a broad range of activities. Essentially, it excluded only a couple of activities that were considered particularly detrimental potentially to some habitats, like bottom trawl and dredging. This plan involved the intent to lessen disturbance. The purpose is really to increase the resilience of the ecosystems to withstand impacts that we might have less direct ability to control, such as climate related impacts. In lessening those other more directly controllable disturbances, the plan sets out for multiple-use zones where a range of activities is excluded that were previously allowed—and those include oil and gas mining—with the exception of those activities associated with the existing titles. There are four that overlap with the Zeehan Marine Park. It excludes renewable energy developments. It excludes seabed mining. It excludes intensive aquaculture. Essentially, if you want those place-specific or site-specific types of developments that can be undertaken outside marine parks, it is considered that they should occur outside marine parks if possible.

Senator DUNIAM: Was wild catch activity inside the area included in some of these exclusions?

Dr Musso: No, it wasn't. Wild catch is considered a diffused type of use. It was considered that commercial fishing should continue in multiple-use zones. There are different levels of zoning. Multiple use is category 6 under the IUCN principles and really allows the broader set of activities to occur.

Senator DUNIAM: In terms of those activities excluded, was there any consultation with the sectors, such as oil and gas, renewable energy generation, aquaculture, et cetera, that would be impacted by the decisions?

Dr Musso: Yes. Submissions were put in by a couple of oil and gas companies. We also consulted extensively within government with our colleagues in the resources portfolio.

Senator DUNIAM: Was any value to the displacement, if you will, of those industries from this area modelled at all as part of this or did they contribute to the thinking with any provision of information around economic cost or opportunity cost?

Dr Musso: We did have conversations with the resources portfolio colleagues in relation to the potential costs associated with excluding oil and gas. Some of the work they did was related to looking at the past in terms of the rate of uptake of some of those areas. Based on that, we made a decision that we should progress with that proposal.

Mr Sullivan: At the same time, where there were current titles, in particular with oil and gas, they didn't impact on those titles. That's where the real economic value could be modelled if we were doing that. At the same time, the plan also allowed for some increases in sustainable pelagic fishing in some areas. We've moved from highly protected back to multiple use in some areas as well. It was trying to strike that balance between conservation outcomes and sustainable use.

Senator DUNIAM: In terms of the Beagle Marine Park, one of the three conservation values that were claimed in that marine park was the Port Jackson shark aggregations, which according to AFMA in its ecological risk assessment are highly abundant. In terms of the impact of decisions around the Beagle Marine Park on the Port Jackson shark fishery, what's the rationale behind protecting an area from which, as I'm told, there's around 300 kilograms caught and released and from which there is a high chance of survivability? That's information that's been put to me.

Dr Musso: My understanding is that, while Port Jacksons are widespread, the way they were observed to be aggregated in Beagle Marine Park was unusual. It's not exactly understood why they aggregate in that way. Usually, ecologically when species aggregate there is a population behaviour associated with that generally is important for that species.

CHAIR: We will now release the Director of National Parks. I ask the Bureau of Meteorology to make their way to the table.

Bureau of Meteorology

[15:26]

CHAIR: Dr Johnson, do you have an opening statement?

Dr Johnson: No, I do not. Thank you for asking.

CHAIR: Senator Duniam.

Senator DUNIAM: Whom was the final decision-maker relating to the naming of Tropical Cyclone Alfred, as opposed to Anthony, as was reported in the press?

Dr Johnson: I actually don't know the answer. There will be someone within the organisation—probably the group executive responsible for community services.

Senator DUNIAM: Someone within BOM?

Dr Johnson: Someone within the senior leadership team, yes. Just for the record, it's been standard practice for some time that, if the name of a prominent Australian happens to coincide with our list—

Senator DUNIAM: Cyclone Tim or—

CHAIR: Cyclone Johnno.

Senator DUNIAM: Cyclone Karen?

Dr Johnson: It's the third one that I've been involved with in nine years.

Senator Ayres: In the event that it had that name, it would have acted in the interests of all Australians in a decisive way. It would have delivered exactly the right amount of rain in the right places to support our agriculture sector. But it was what it was.

Senator DUNIAM: A wise move! When was the last time such a name—

Dr Johnson: I'd have to check the exact date.

Senator DUNIAM: There's obviously been a fair bit of reporting. I suspect that when Senator Davey is back she will have a couple of questions on this. I am told that the BOM webpage providing advice for the people of New South Wales and Queensland included advice that individuals should wear masks and use hand sanitiser. What's the purpose behind that guidance?

Dr Johnson: If you look at all of the bureau's warning messages, they could roughly fall into two parts. There's a part that deals with the actual weather phenomena, and there's another block of text which appears at the bottom of all messages; that's agreed and aligned with messaging coming from the relevant jurisdiction. Call triple O, call the State Emergency Service—whatever. That was agreed with the relevant authorities in Queensland at the time.

Senator DUNIAM: I refer to the Hervey Bay matter that was reported on. Obviously, they were hit by a deluge. Why wasn't a severe weather warning for that area included?

Dr Johnson: I appreciate your asking, because I think there has been some misinformation and misreporting on this. It would be great to get it on the record. For the record, I've had the opportunity to speak with Mayor Seymour in Hervey Bay as well. For the avoidance of any doubt, we had a tropical cyclone watch in place five days before the events that took place in Hervey Bay and also a whole range of messages starting from the previous Saturday before about the potential for severe weather with locally intense rainfall and damaging winds. That was first issued at 6.05 in the morning of 8 March and then updated at 10.57 on 8 March; we issued another warning—this is the day before—about locally intense rain that may lead to dangerous and life-threatening flash flooding and that may develop on the Sunday. This is on the Saturday. On the Sunday, which is when the event actually occurred, that bands of showers and thunderstorms were wrapping around the system, which is exactly what happened. That community had that broad messaging for a whole range of areas, including the southern part of the Wide Bay and Burnett, which is part of Hervey Bay. At 4.57 on that morning and then at 10.59 we further updated with severe weather warnings and so on. All up probably 8 to 10 messages went out around that severe weather warning for that rain. Unfortunately for the community the peak intensity started around 4 o'clock in the morning when a lot of people were asleep. There was very significant messaging out. Again, obviously some folks saw it and others didn't. Obviously, it had very significant impacts within that community. I should also mention that it was very isolated as well. For those who know Hervey Bay, it was very much on the eastern end. Some areas—Urangan, for example—had almost no rain whatsoever. It was a very intense thunderstorm that dropped an enormous amount of rain in a very small area in a very small period. Talking to the mayor and locals, I know in that area the stormwater system just couldn't cope with that volume. The lowest part of the landscape is actually behind the esplanade, which is where a lot of the infrastructure is. It literally just couldn't get out to sea. The warnings were out. Notwithstanding that, there still were members of the community who weren't expecting it. I can assure you there were plenty of warnings out.

Senator DUNIAM: What time did you say the first warning went out?

Dr Johnson: I would be happy to give you a full list, if that would help. The first warnings went out on the 8th of the 3rd, which I think is the Saturday. The event took place on a Sunday, that severe weather with intense rainfall and damaging winds. Later that evening, on that Saturday, we upgraded it to dangerous and life-threatening flash flooding developing on Sunday, and the actual event occurred on the Sunday morning.

Senator DUNIAM: Yes, at 5 am on the Sunday.

Dr Johnson: Yes.

Senator DUNIAM: On notice; that's fine.

Dr Johnson: I'm happy to provide you a full timeline, if you're interested?

Senator DUNIAM: Yes, that would be helpful, if you can. That would be excellent. Obviously, that one was reported on. Were there any other incidents post the event that the bureau has looked at, either as a result of misinformation or some sentiment in the community, and decided there are things that need to improve or be dealt with? Was there anything else of that nature?

Dr Johnson: I think from every event we always learn. There's no doubt about that. Clearly, the areas we always look at with our emergency services partners relate to the way in which our messages are received by the community. Again, I would be happy to provide you with the details of just the sheer volume of warnings and reports. Indeed, Senator Davey and I know local members of parliament are kept up to date. Notwithstanding that, messages are still not getting through to some members of the community. We'll work with emergency services on how we can continue to find ways to reach as many people as possible so that they can be prepared. Overall, I think the sentiment in the community up our way is positive; whilst the event was very significant and caused

quite significant damage and regrettably loss of a life in New South Wales, right across the emergency management value chain it performed well. There are a lot of learnings just in general about how four million people might cope with similar events in the future that we expect to happen under a changing climate.

Senator DUNIAM: You might have told us previously, but is there a review process afterwards?

Dr Johnson: Yes, absolutely. After every wet season or severe weather season we undertake a formal post-implementation review. Similar processes occur within the Queensland government in which we participate, and they participate in ours. All of the players in the emergency management ecosystem work together to improve the services that we can provide to the community.

Senator DUNIAM: I refer to a matter that may have come up today, the Central Queensland Quilpie line support issue.

Dr Johnson: Yes, in the far south-west?

Senator DUNIAM: Yes.

Dr Johnson: Are you talking about radar coverage?

Senator DUNIAM: Yes, the 'flying blind' matter as it was stated.

Dr Johnson: There has been some commentary in the media from mayors in the south-west that they don't have radar coverage, and that is true. I wouldn't agree with the comment that they're 'flying blind'.

Senator DUNIAM: For the record, I think that was media commentary.

Dr Johnson: I'm not sure to whom it was attributed. Even though we don't have radar coverage there, the radars—

Senator DUNIAM: The mayor of Quilpie.

Dr Johnson: The mayor of Quilpie and I think the mayor out Charleville way. Obviously, radar is a very important tool for the community in terms of situational awareness. They're just one of a whole range of tools that we use to issue forecasts and warnings. From a forecast and warning point of view there is absolutely no blind spot there. We actively issue severe weather warnings, flood warnings and so on for that region. But the mayors are accurate. Australia has the fourth-largest radar network in the world after the United States, China and Russia. We have 69 operational radars that cover roughly 90 per cent of the Australian population. Certainly, in many parts of remote Australia we don't have radar coverage. I know those communities would love to have it. I'd love to have it, too. Unfortunately, we don't have the resources within the bureau to add to them. We certainly do work with state governments, as we've done in New South Wales and Western Australia, to seek co-investment or investment from state jurisdictions to enlarge the bureau's radar network. I'm aware of that. Those mayors have been in frequent correspondence with me about how we might get radar coverage there. I'm well aware of their concerns. I understand their concerns. I've shared with them the successful models that we've used in Western Australia in the Wheat Belt where we've put in three radars—and hopefully a fourth is coming soon—and three new radars in New South Wales, where we've engaged with state governments to install those systems. We own and operate them once they're in. That's a possible pathway for them.

Senator DAVEY: While there's no radar out there, you do do forecasts?

Dr Johnson: Absolutely.

Senator DAVEY: They're not flying blind. How do you do those forecasts in the absence of having the on-the-ground radars?

Dr Johnson: We use a range of techniques. Obviously we need to first forecast the rainfall. We use satellite technology, numerical weather prediction models and instruments that sense the atmosphere. If you're close to the coast and don't have radio coverage, we use instruments that sense the ocean. A whole range of different data sources go into those numerical weather prediction models. Radar data doesn't go into those numerical weather prediction models. Obviously, we have flood gauges out there as well. I'd certainly like to have a richer footprint of flood gauges in more remote and regional parts of Australia as well. We have a reasonably good network in South-West Queensland. We have a good rainfall network. All of those things contribute to us having a sense of how much rain is likely to fall. Obviously, once it falls, we pick it up in the flood gauges. We also work, particularly on the flood side, very closely with local disaster management groups in Queensland. Each state is different, as you know, in terms of its emergency management arrangements. There is a huge amount of local knowledge that we bring to bear as well as the knowledge our hydrologists and meteorologists have. All of those things go into the production of forecasts and warnings. In the case of this event that we're still in, regrettably, our first severe weather warnings for those areas were issued on 20 March, quite a few days ago, and at least three days before the weather actually started.

Senator ROBERTS: I'd like to table this graph from a United Nations Intergovernmental Panel on Climate Change report as the basis for some brief questions. I don't have too many questions today. I'll start with a little preamble just to set the scene for this. When you get the graph, you'll see it. I refer to misinformation being put out that cyclones and floods are getting more frequent and severe. Over many years in this committee the BOM has referred me to the United Nations Intergovernmental Panel on Climate Change. This might surprise you, but I'm not actually going to argue with you on the merits of the IPCC today, even though they're a bunch of net zero pushers and are politically driven. I'm going to quote them, because you claim they're the authority. I'll take you to Assessment Report 6, chapter 12, table 12.12, by working group 1, on the science of climate, at page 1856. In that table is just about every type of measurable weather event. Some call it extreme weather events. The blank or white boxes indicate there is no detectable change in frequency or severity of the weather event. I'll go down the list of what the IPCC itself says—not me. River flood—no change is detected in current period. No change is expected to be detected under the worst case climate scenario by 2050 or even by 2100. Fire weather—no change is detected in current period or expected in the next 75 years. Tropical cyclone—no change is detected in current period or expected in the next 75 years. Coastal flood—no change is detected in current period or expected in the next 75 years. Pluvial—there's a minor risk in the most extreme, worst-case scenario. If your net zero gods at the IPCC say the data shows weather events are not getting worse because of climate change, why isn't the Bureau of Meteorology calling out the misinformation peddled by politicians when they state that this flood is because of climate change, this fire is because of climate change or this cyclone is because of climate change? Everyone knows that's not true. These events have been happening for millennia. Even the scientists in the United Nations that you reference say it's not so.

Dr Johnson: I might make a couple of preliminary remarks and then ask Dr Braganza, who is online, to join in. I haven't had a chance to study the page that you've just supplied me. I think many times I've referred you to the *State of the climate* report that the bureau produces with the CSIRO every two years, which contains the latest up-to-date information on climate.

Senator ROBERTS: I've read each of them.

Dr Johnson: I know you read it, and I'd encourage you to refer to it again. Across a range of phenomena we know there are very strong signals already from climate change, in particular around temperature and in particular around drying in the southern, south-east and south-west parts of Australia. Those signals are very strong. The level of confidence in them is very high. Some of the signals for other phenomena, including tropical cyclones, are still evolving and maturing. We have seen an increase in the incidence of high-intensity rainfall. We know as a matter of fact that, as the atmosphere warms, it holds more moisture—probably up to 10 or 11 per cent more—than it would otherwise have, and that we've seen an increase in high-intensity events. We've certainly been on record saying that we expect in Australia it's likely that there will be a lower number and frequency of cyclones, but they're likely to be more severe. We've been on the record for that for ages. We've also been on the record on many occasions—

Senator ROBERTS: Could you explain the basis for that? The UN says it's not—

Dr Johnson: I'll come to that. Dr Braganza might want to say something about this in a minute. We've also been on the record that, particularly when it comes to individual cyclones and individual rainfall events, it's very difficult to attribute single events to climate change. We're talking about longer term global trends here. That's been our position for some time, and it remains so unless new evidence is entered into existence that would cause us to change our mind. I can only be accountable for the science we do. I can't be accountable for how those in the public domain choose to talk about it. We certainly provide advice, as we've done to this committee many times and in many other fora, about what we're observing and what our science is telling us is likely to come down the pipeline, and also where we have higher or lower confidence about what is or isn't coming. They would be my general comments.

Senator ROBERTS: Did I hear you correctly—just before we go to Dr Braganza—that cyclones are not becoming more intense?

Dr Johnson: No, I didn't say that. I said that in our outlooks we think there's a reasonable likelihood—Dr Braganza will be able to quantify this in more specific detail—that the Australian region is likely to see fewer cyclones, but there's a likelihood that they'll be more intense rather than less intense. Dr Braganza is our lead in this space and I'd rather he answer these detailed questions that you might have.

Dr Braganza: For tropical cyclones, the bureau, as Dr Johnson has pointed out, has consistently communicated that we have potentially seen a reduction in the number of tropical cyclones in our region, in particular in the east. We haven't communicated that we've seen any significant change in intensity. Categorising changes in tropical cyclones is difficult. We're limited to the satellite era. Prior to the satellite era, categorising

tropical cyclones for severity and even whether or not they're a tropical cyclone in the mid latitudes becomes difficult. There are data limitations in trends in tropical cyclones. The bureau has been entirely consistent in how it's described those and entirely transparent in the data limitations. We have not communicated that we have seen large changes in tropical cyclones that are due to climate change. We don't communicate around these individual weather events that they were caused by climate change. For tropical cyclones there are multiple aspects to the weather event. When we talk about intensity, we're often talking about wind speed. Wind speed is just one aspect of a tropical cyclone. There's also rainfall intensity and there's storm surge intensity. Due to sea level rise and increased warmth in the atmosphere, we expect increased heavy rainfall and increased storm surge activity from all such events, not just tropical cyclones. There are also events such as east coast lows and others. Observational data is what it is.

Senator ROBERTS: I don't expect you to comment on this, because you don't have the table in front of you, but I'll just go through chapter 12 and table 12.12, emergence of climate impact drivers in different time periods. That's with regard to the future. The white colour indicates that there's no confidence in what they're saying or what they're projecting. In terms of already emerged and 'worst case scenario' in the future by 2050 and by 2100: mean precipitation, no confidence in the data. No trend has emerged. River flood is the same. Heavy precipitation and pluvial flood is the same. Landslide is the same. Aridity is the same. Hydrological drought is the same. Agricultural and ecological drought is the same. Fire weather is the same. Tropical cyclones is the same. Coastal flood is the same. These are often taken advantage of by politicians and the news media; there's no evidence for their comments attributing them to climate change caused by humans.

Dr Braganza: I'll have to take that on notice since I don't have the material in front of me. Some of the phenomena you've called out again in terms of establishing observed trends is limited by sample size. You're talking not about weather events necessarily; you're talking about impact events such as the size of a flood following heavy rainfall. There are possibly data limitations involved, but I would have to see exactly the material that you're referencing.

CHAIR: Senator Davey.

Senator DAVEY: I quickly want to touch again on what is underway at Quilpie. From the outset, however, Dr Johnson, I thank you for the continual updates during Tropical Cyclone Alfred and the valuable information you were presenting to communities. I think communities this time around were very prepared. I have heard some people say that the cyclone wasn't all they expected, but I'd say it's better to be overprepared than underprepared. I want to thank you from the outset. With respect to Quilpie, you said the first warning you issued was on 20 March. That's not disputed. However, how much weight did people put on your warning? Again, the comment was made by the Quilpie mayor that farmers didn't listen because you've been wrong in the past. How do we rebuild trust in the bureau. I think it's better to lay sandbags out the front of your shop and have to take them away dry rather than not lay the sandbags and then have to put in insurance claims for millions of dollars. How do we rebuild that trust without overly concerning communities at the same time?

Dr Johnson: Thank you for your compliments. All credit goes to our people who work tirelessly, are continuing to work tirelessly and have not really had much of a break since the beginning of January because of all of this wet weather that we've had through Queensland and New South Wales. Thank you. That feedback means a lot to them. They're often the subject of negative comments. It's good to have your vote of thanks. There would be two things I'd say in response to your question. Firstly, with respect, I think community trust in the bureau's forecasts and warnings is very high. Dr Stone might wish to talk about this as part of his job as Chief Customer Officer. When we quantitatively measure community perception, trust in the bureau is extremely high. In fact, I think most organisations are envious. But we're not perfect—absolutely not. We're not in the business of perfection; we're in the business of trying to forecast into the future.

Senator DAVEY: Crystal ball gazing.

Dr Johnson: We're in the business of trying to describe complexity, risk and uncertainty to people. It's not easy. We improve every year, year on year, doing so. In our lifetime it's never going to be possible for us to be 100 per cent right the whole time, because we're dealing with phenomena at global scale that we still don't fully understand. That's part of the story. Part of the story I think is one of mutual responsibility. I think your comments are absolutely spot on. In fact, I took a call last night from the mayor of Hinchinbrook Shire in Ingham, with whom we have a very close relationship. His view echoes yours in that we all as leaders in this space have a role to help shepherd our communities through and to prepare for the worst. If it doesn't pan out the way we think, that's not such a bad thing; it might cause a bit of inconvenience, but it's better than the alternative. I really noticed in South-East Queensland this time how people took on board the threat. Fortunately, we were at the lower end of the scale. Being a resident of Brisbane myself, I can tell you it's much better than having potentially four million

people suffering serious trauma. We just need to continue to try to shape the narrative. All members of parliament, frankly, have a very important role in engaging with their communities to try to promote your perspective and to understand this. We need to have a conversation with the community that, no matter how much science we do or how much information we have, there's always an element of uncertainty. It's best to plan for the upper end of the scale. If we get a lesser outcome, that's a great thing. I think that's the only way forward. I see this in other countries—perhaps not so much here. That's just a journey we're on.

CHAIR: I appreciate what you just said. When we see events like this, we often see all colours come through.

Dr Johnson: A rich tapestry, yes.

CHAIR: In terms of your role, do you inform a broader range of MPs and suchlike?

Dr Johnson: Typically, when we have severe weather events like we've just been experiencing the bureau takes what I might characterise as a zipper approach. Our operational staff are interacting very closely with mayors. It varies very much state by state, because each state has a different set of emergency management arrangements. If I just use Queensland as an example—it's different in South Australia—the local disaster management groups are chaired by local mayors. Our operational staff are literally joined at the hip with those LDMGs. There will be state ministers involved through the Queensland Disaster Management Committee. Again, more senior bureau staff are involved. For really quite severe events, I'll be personally involved. When we have broadscale events, my practice since I've been in this job is to personally keep all members of parliament briefed as often as required.

CHAIR: How do you go about doing that?

Dr Johnson: I do that by text message.

CHAIR: Whom would you normally text in the face of something like that?

Dr Johnson: All members. In this last event, there were I think 41 numbers on my phone that I would update twice a day or more often if required.

CHAIR: Who are those 40?

Dr Johnson: These would be all federal members of parliament. The state—

CHAIR: In the state?

Dr Johnson: Yes. If you take the recent events, there was probably the member for Kennedy, the member for Leichhardt, every member south of Mackay, north of Port Macquarie and as far west as the member for New England, and the member for Maranoa, as well as all relevant senators. In the case of this recent one, I erred on the side of caution to include senators from North Queensland—Senators Green and McDonald—in that list. Those folks also can and do contact me directly. In fact, I got a text from the member for Fairfax a minute ago wanting to ask a question about the weather we are going to experience in South-East Queensland over the weekend. Dr Stone assists as the senior responsible officer for Queensland. In the other jurisdictions we will do the same. When we had very serious flooding in the Hawkesbury-Nepean a couple of years ago, I did that in a bipartisan way with all of federal members and senators, and also for the Black Saturday fires. It's part of a zipper that goes right from the grassroots all the way through to the Prime Minister in fact; we have staff embedded in the National Situation Room. Whoever is the Prime Minister of the day will receive briefings through NEMA. It's a zipper, for want of a better word, or a nested hierarchy—however you want to describe it.

CHAIR: Would you text the Prime Minister and the Leader of the Opposition?

Dr Johnson: No, I don't text the Prime Minister personally, because he's receiving briefings through NEMA and our staff in the National Situation Room. In this recent event, I certainly briefed the PMO twice a day in concert with my own minister, of course, the Minister for Emergency Management. The Prime Minister was briefed by us on I think at least three occasions, twice in Brisbane and once in Canberra.

CHAIR: You would do that for the federal and state—

Dr Johnson: No, not for the state. The state is the responsibility of the state emergency management agencies. Were Minister McAllister sitting in this chair—and Minister Watt before her, and previous ministers in previous governments—she would assure you that she attends the Queensland Disaster Management Committee. The political and jurisdictional lines disappear. Everybody's focused on community safety.

CHAIR: With Cyclone Alfred, typically when would you start messaging?

Dr Johnson: It would depend on the nature of the risk.

CHAIR: In terms of this particular circumstance?

Dr Johnson: With this one quite a way earlier, because we potentially had four million people in the line of fire. In the last 50 years, in terms of potential impact on the number of people, it would be probably the largest event we've dealt with. During the summer fires there were large populations in the west of Sydney and through Wollongong, down that way. In aggregate, if you think about an area from Bundaberg to Port Macquarie, well over four million people are at risk. That is a national emergency. In that case, I would start giving our ministers' offices a heads up, and NEMA would be doing the same, through the committees. Once we had higher confidence—these things are highly dynamic and change all the time—I would form a judgement as to when. I'm also conscious that members of parliament—

CHAIR: You don't want to freak them out?

Dr Johnson: are interconnected with their community. I don't want to overburden them either with information. The feedback I've had is that we generally get the balance right and that it's appreciated. It's an important part of the job. In some cases, for example this year just south of Brisbane, in Logan, there were so many trees down that power outages were extended and telecommunications were out. For some federal members of parliament, a lot of their constituents had no access to the internet. Their only way of finding out was through their federal member and, through their federal member, through us. We can't reach everybody, but we do the best we can.

CHAIR: What day did it hit?

Dr Johnson: It was an extended event. It first formed in the Coral Sea on 20 February. I remember that because it's my birthday. Happy birthday! I could get you that, but it was a two-week event.

CHAIR: When did you pitch in then to start advising the local members?

Dr Johnson: We were speaking to emergency management agencies well before that. But I would be—

CHAIR: Yes, but I'm really talking about MPs.

Dr Johnson: messaging federal members of parliament on the 20th, because at that stage it's a few hundred kilometres north-east of Cairns. There were a range of scenarios in terms of its trajectory. Even up until the 20—it would have even been 4 March, it turned—

Senator DAVEY: I can probably look it up.

CHAIR: You can probably tell me.

Dr Johnson: Senator Davey could check her text messages. It crossed on 8 March. It started on 20 February and crossed on 8 March. That was a Friday night. We still had at least three days of intense rainfall after that. So from 20 February to 11 March we're fully activated. I probably would have started advising federal members of parliament—Senator Davey would know for sure; I had better not perjure myself.

Senator DAVEY: I was included on the list from 2 March right through until post event on 10 March. The cyclone hit, but the event continued.

CHAIR: You keep everyone informed—not just the ministers but the members, regardless of what colour their—

Dr Johnson: Yes, absolutely, twice a day every day, and more if necessary. Generally what I would say to members is, 'If there's a change in the risk profile, I'll contact you.' Sometimes there isn't. Forecasts aren't perfect. It largely goes to plan, which is pretty much what happened with Alfred. The thing that didn't go to plan was that it slowed down in the last couple of days before it hit the coast and took a bit longer to make the coastal crossing. In hindsight, that was probably a blessing. As the Premier said, it gave everyone another day to get their act together.

Senator DAVEY: Hervey Bay was probably the only area where it didn't quite go as close to plan as we wanted. They were a bit taken aback by the tail. I want to quickly touch on the gauges, which we have spoken about over the last 18 months or so. You were given \$236 million for a 10-year river gauge upgrade program. We've talked about it. We've started in Queensland. Notwithstanding the fact that there have been other events that have taken your priorities, is there progress being made? Have you spent any of that \$236 million and, if so, on what?

Dr Johnson: We certainly have. This is in Dr Stone's responsibility. We have made excellent progress.

Dr Stone: The flood warning network program is running on schedule and on budget. We have cost-sharing agreements in place with every jurisdiction except Tasmania. We're expecting that to come through very soon. That's just resolving a couple of language issues in the agreement. In Queensland we have acquired 200 sites.

Senator DAVEY: That acquisition has happened?

Dr Stone: Yes, that's happened. All 200 sites for acquisition in Queensland are confirmed. I can give a lot of detail on that. In New South Wales, over 250 assets will be remediated. We've been dealing with loads of councils there. That's all going well. All of the assets will be confirmed by 30 June this year.

Senator DAVEY: All in New South Wales?

Dr Stone: Yes.

Senator BILYK: Dr Stone, you have three Tasmanian senators at the table, and you mentioned language. I presume you're talking about terminology, not the Australian English language?

CHAIR: Tasmanian language!

Senator BILYK: We know we're different. We know we're very special.

Dr Stone: Legal language.

Senator BILYK: Legal language.

Dr Stone: Legal terminology.

Senator BILYK: I just had to ask.

CHAIR: A good bit of clarification, says Senator Bilyk on her 146th day of estimates in her term of parliament.

Senator BILYK: Probably my last.

CHAIR: I think it's a sterling effort.

Senator DAVEY: Some 200 sites in Queensland have been acquired. Have the upgrades commenced?

Dr Stone: Yes, absolutely. Capital works began on 30 July last year and have been continuing.

Senator DAVEY: Are you doing site by site; 200 is a lot of sites? We've had this conversation. All of the flood gauges are in various states of repair or disrepair or modernity. How are you going through the process? You've got 200 sites in Queensland. You've acquired them, you've assessed them and now is it a matter of triage?

Dr Stone: Yes, exactly. Some don't need remediation work; they can just be acquired. Some need remediation work, and that progresses when they're acquired.

Senator DAVEY: I appreciate this will be on notice. We could be in caretaker; you're still allowed to provide answers in caretaker?

Dr Stone: If you ask us a question on notice, my understanding of the procedure is that we must provide that on notice during caretaker.

Senator DAVEY: Can you provide a breakdown of the 200 sites and how many need remediation and how many don't?

Dr Stone: We have all of that information.

Senator DAVEY: Can you clarify how much that acquisition cost?

Dr Stone: The total spend that we're planning? Acquisition itself doesn't cost anything. We don't buy the assets from council.

Senator DAVEY: They're happy to take it off their books, I'm sure?

Dr Stone: Pretty well, yes. There's no cost in acquiring. The cost is in remediation and then the ongoing maintenance. It's the ongoing maintenance for which there's a fifty-fifty cost share arrangement between the Commonwealth and the jurisdiction.

Senator DAVEY: When we talk about that cost share between the Commonwealth and a jurisdiction, we're talking about the state government. Have we taken local government completely out of the picture?

Dr Stone: For the ones that we're operating?

Senator DAVEY: Yes.

Dr Stone: Yes. It's a Commonwealth jurisdiction.

Senator DAVEY: There will still be gauges?

Dr Johnson: Correct, yes. The up to \$236 million that was allocated in the 2023-24 budget only provisioned for high-priority gauges. Dr Stone can give you what proportion that covers by jurisdiction if you're interested. To your point, there still will be a number of gauges that will not be within the program given the funding envelope we have.

Senator DAVEY: I look forward to getting that information.

CHAIR: Thank you, Dr Johnson. We are going to take a break now. I would like to advise that we are releasing program 2.2 and program 2.3, and so we will return at 4.30 with outcome 3.

Dr Johnson: Just to be clear, are we being released, Chair?

CHAIR: You are absolutely being released, Dr Johnson. Thank you so much for all of your many appearances before estimates. We wish you a happy unestimated life into the future!

Proceedings suspended from 16:11 to 16:31

Department of Climate Change, Energy, the Environment and Water

CHAIR: I welcome via videoconference officers from the department 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. Senator Whish-Wilson.

Senator WHISH-WILSON: My understanding from doing a bit of reading is that about 75 per cent of Antarctic science research is conducted by universities in Australia across a number of different programs. The Australian Antarctic Partnership Program, ACEAS, SRIEAS—there are lots of different funding streams. How important in particular is the Australian Centre for Excellence in Antarctic Science to the work we do down in the Antarctic and the scientific research we do?

Ms Campbell: University led research is important for our Antarctic science and for our national interests. I'm not sure about your number of 75 per cent but certainly we value the contributions, including through the three large research institutes you talked about. I think your specific question was, 'How important is ACEAS?', which is the Australian Centre for Excellence in Antarctic Science, which is out of UTAS. It's one of the key partners and it is delivering really important work, for example, on the Denman Marine Voyage that we have underway at the moment.

Senator WHISH-WILSON: I also understand that 33 of the scientists on board that boat are from ACEAS, from that research partnership; is that your understanding? Is that roughly half the scientists on board the *Nuyina* at the moment?

Ms Campbell: There certainly is a strong presence. I'll take your numbers on that.

Senator WHISH-WILSON: That's the number I got from them. Either way, it's significant. I'm interested in the research work they do and the focus on climate risks from the East Antarctic and the Southern Ocean, large-scale fieldwork, predictive modelling, satellite observations and major research findings around slowdown of the two most significant global ocean currents, developing predictive capability for Southern Ocean krill, new estimates of the Antarctic contribution to sea level rise and obviously a number of field programs, including the Denman Glacier. Do you see that ACEAS work continuing beyond next year in terms of Antarctic science and our capability?

Ms Campbell: I'll come at that question in a couple of ways. You talked about half of the scientists on the Denman Marine Voyage being from ACEAS. I'm not arguing with that. We have different mixes of science and expertise on different elements of our program. Denman Marine and ACEAS EW really important to that. I expect that they'll have much less involvement in next year's Heard and McDonald islands voyage, for example. We really value the work that they do. I will note that they are funded under the Australian Research Council under a program announced in the 2018-19 budget. They have a terminating grant program which expires in December 2025. As to what comes next—the ARC has given permission, if we put it that way, for ACEAS to work for an additional two years after the funding termination to finish up their grant projects. They're a bit behind where they wanted to be partly as a result of some of the delays from *Nuyina* commissioning and COVID. They will get to continue their work, but the funding does terminate under their current grant agreement in December 2025.

Senator WHISH-WILSON: Could you clarify that—not now; it's not super important. I think they said to me they had some funding until mid-2026. They are now winding up and terminating some employment. You can guess where I'm going with my question on this. This is probably a question for you, Mr Sullivan. My understanding from the recent Senate inquiry is that the continuation of these programs—and not just theirs; Monash has funding for other programs—was being looked at in a holistic way in a decadal plan and the implementation of a decadal plan. When will we get a detailed implementation strategy around the decadal plan?

Mr Sullivan: The process for the implementation plan is currently underway, but more specifically with the different budget streams there has been a lot of commentary. We've had this discussion previously in terms of how we potentially look to consolidate those. I know there are different views on the best way to do that.

Terminating programs is a fact of life in all governments. In terms of funding going forward, both in terms of that stream, in terms of the UTAS stream of work, but more broadly science going forward, that's a matter for government. We're in open communication. Obviously, one of our significant partners in terms of the current Denman voyage—

Senator WHISH-WILSON: Indeed. Half of the research scientists on the ship are from ACEAS, whose funding lapses next year. If there's going to be another scientific voyage, I'm sure there are other scientists who can go on it, but they're obviously playing a very significant role.

Mr Sullivan: As Ms Campbell outlined, the voyage next year is to Heard and McDonald islands, which is again critical in terms of following up on the recent work with respect to marine protected areas. We haven't been to Heard and McDonald for 20 years. All significant parts of our Antarctic science platform are moving forward. But in terms of that question, where I think you're going in terms of, 'What's the potential for funding going forward?', in particular, given the importance with respect to the issues that UTAS is contributing to not only in terms of Denman but more broadly, that will be a matter for government.

Senator WHISH-WILSON: Let me ask you some questions on that point about it being a matter for government. The decadal plan, on my understanding, was to put an implementation plan, a long-term plan, in place to look at consolidating funding streams. There's a whole range of stuff that we went through in the Senate inquiry. What advice have you provided? Firstly, can I assume that the decadal plan will look at, for example, the continuation of this funding, whether it's necessary, whether it's going to be transferred somewhere else and whether these research programs will continue?

Mr Sullivan: Ms Campbell might want to talk about the process for the implementation plan. The implementation plan will inevitably look at that in terms of funding as well.

Senator WHISH-WILSON: It will what, sorry?

Mr Sullivan: It will inevitably have to look at the funding streams and how that is delivered over time.

Senator WHISH-WILSON: What are the next stages?

Mr Sullivan: My understanding is we've started the process with the implementation plan given the decadal plan we had to land, which we've landed and put in the public domain. We now have to work with our partners.

Ms Campbell: On the process for finalising the implementation plan for the decadal strategy, the decadal strategy was released recently by the Science Council. We're working with the science community and the whole community, including representatives, for example, from ACEAS, on the elements that are within the plan, and we'll work with the government on that over the coming six months with a view to releasing something in the back half of this year.

Senator WHISH-WILSON: For the benefit of the scientists working at ACEAS who are looking at losing their jobs soon, is the work that they're doing covered by the decadal plan? I've had a look at it myself. It looks kind of big picture with lots of glossy photos and not a lot of information in there for a 10-year science plan.

Ms Campbell: It's a high-level strategy with big building blocks. The next stage is the detail about what's achievable and what's going to be done. As Mr Sullivan talked about, the funding streams are a key part of that. We'll work with government on that over the coming few months.

Senator WHISH-WILSON: How far advanced are you on that? We've been talking about this decadal plan for many years—and it is constantly being deferred—and during the Senate inquiry we had into Antarctic funding. Is it fairly well advanced in terms of a comprehensive plan or are you saying that's all just contributed to a higher-level glossy document?

Ms Campbell: We've certainly got significant input from the science community. We do have a lot of information about what will be in the implementation plan. Ultimately, the implementation plan will need to work through with government. We've had initial conversations—'initial' is probably the wrong word; we've had recent conversations with the Science Council about the form of the implementation plan and the level of detail that will go to, and we'll need to work with that, as I said, over the coming few months.

Senator WHISH-WILSON: Given the funding previously for ACEAS, as Mr Sullivan mentioned, was through the ARC, the Research Council, what role does the Australian Antarctic Division or the department play in providing advice on whether those sorts of funding streams should be renewed or changed? You understand Antarctic science; you understand hopefully how it all fits together. What role do you play in saying we don't need ACEAS's research after mid-next year or we do or we need it in a different format or it could be done elsewhere. Who provides that sort of advice?

Ms Campbell: I expect we'll have a very strong role. I'm thinking back to the 2018-19 budget in the department. I was doing that role in the budget. We had a very strong role in securing that funding back in 2018-19, in setting the high-level policy authority for that and ensuring that it continued to deliver, because it's so important to Australia's Antarctic interests.

Senator WHISH-WILSON: As to the budget that was passed down this week, I must admit it could be in there but I haven't been able to find any funding for ACEAS, who are terminating staff at the moment. They've already lost 10 staff who've left to go elsewhere because of funding uncertainty. Could I ask this of you, Minister Ayres: are you going to be making an election announcement to secure the funding and the jobs in IMAS and UTAS in Hobart?

Senator Ayres: I'm not aware; as has been indicated by the officials, how we approach this is a matter for government.

Senator WHISH-WILSON: But you're in the government.

Senator Ayres: I'm just saying that's the right way of characterising this. As to where we're up to, I don't know what the consideration of this matter is. You've heard the officials about where we're up to on this longer-term consideration of research funding streams and how all that works. That engages not just this department; there are a range of considerations that drive the government's approach. I think there's \$1½ billion dollars invested at this stage. There's been an effort, including the first dedicated marine science voyage to Denman Glacier. There are a range of considerations that engage the Education portfolio through the ARC, universities and internal science branches. Of course, it engages a series of security and other considerations in terms of the continent itself. There is a very high level of interest from the government in pursuing this, but I don't have anything that I can tell you in addition to that. If there's anything that we announce during the course of what I'm told is an imminent election campaign, I'm sure you'll be the first to know.

Senator WHISH-WILSON: I read that in the newspaper today. I understand why a decadal plan would be the format for looking at the funding streams, because everybody seems to think that we need to consolidate them and have a simpler structure and so on. I'm just trying to get an idea of when these scientists will have some certainty of whether they'll have a job next year. As I said, some of them are already being terminated now. There are 17 full-time positions in Tasmania, with a number of early career scientists, and they're a very important part of our community. There's obviously the reputation of the research institution down there. I think you've acknowledged the work they do is very important—hence half of them populating the scientific voyage down there. Minister, would you be able to give some certainty to these people that there will be some kind of funding announcement in the next six months? Will the government have been able to pull all of this together by then?

Senator Ayres: I'm not in a position to give that as the representing minister. It's just not a program that I'm engaged in. If there's any additional information we will provide it. It is the case across the Australian research community that, whether it's terminating programs that the government has funded for a period or ARC grants, or all of the grants, they have a beginning and an end. It is one of the tough features of scientific research or any other kind of research. I'm acutely aware of that. If there's anything additional that the government can do I'm sure we will.

Senator WHISH-WILSON: That was what the 10-year plan was looking at doing, right?

Senator Ayres: I am simply not—

Senator WHISH-WILSON: Looking at a different structure, a different vehicle and a blueprint for the next 10 years.

Senator Ayres: I'm just not in a position to be able to provide you with anything else this afternoon.

Senator WHISH-WILSON: I have one last question, and, more generally, it's perhaps to you, Mr Sullivan or Ms Campbell. Obviously we're seeing very concerning cuts to scientific funding in the US across a number of agencies. I've spoken to people within the science community, in Southern Ocean and Antarctic, who are very concerned about some of the internationally collaborative research partnerships that we have. Are you able to make any comment on whether this is affecting some of the projects that we're involved in, many of them which are internationally collaborative?

Ms Campbell: We're aware of some of the cuts and some of the implications in the US. It seems clear at this stage that there will be some impacts on some of our science. For example, my understanding is that the US is reducing some of its real-time observations in Antarctica and the Southern Ocean, and that will have, for example, impacts on a range of science and weather forecasting as well. So that's a significant impact. It's still early days, and we're still trying to understand how that works and whether anyone else can pick up the slack so that we can continue that important work.

Senator WHISH-WILSON: Do you have any more comments to that?

Mr Sullivan: We're working through it. As Ms Campbell said, we've got some early indications, but we're working with both the research community and our international partners to work this through.

Senator WHISH-WILSON: Just on that point about the observation network, Ms Campbell, I also understand the SOOS, the Southern Ocean Observing System, is also looking for about \$400,000 a year funding to stay at IMAS, AAD and UTAS. I think they're looking for \$2 million to keep it in Australia; otherwise, we're going to lose it to international partners who are looking at this. Is any consideration being given to government funding for that? I know it's been through different funding streams over the years to keep it in Australia. Is that something that has come across your desk, Ms Campbell or Mr Sullivan?

Ms Campbell: Yes, we're certainly aware of the issue and the request from SOOS for ongoing and more substantial funding. We've talked about that within the science council in the context of the decadal plan as well. My recollection is we gave some short-term funding and we've given a range of short-term funding over the years, but we note the desire from SOOS and many people in Australia for an ongoing funding model for that organisation.

Senator WHISH-WILSON: Sorry? Could you repeat that last sentence? You say there's not a desire for that?

Ms Campbell: There is a broad desire, yes.

Senator WHISH-WILSON: It's \$400,000 a year to keep it in Australia. I understand we will lose it.

Mr Sullivan: In the recent joint committee report, one of the recommendations that we'll need to come back to and provide a response to was that we work with the Southern Ocean Observing System to secure hosting over the longer term.

Senator WHISH-WILSON: Correct.

Mr Sullivan: That's obviously within our domain in terms of having to respond to that. I won't suggest what the government response to that will be, but it's realistically looking at those issues as a whole rather than just point-source grabs. What we want to look at is how that fits within the broader decadal plan and the implementation plan. I'm not saying it's not important, but it's really looking at all of those calls on funding together.

Senator WHISH-WILSON: You can assure me, Mr Sullivan, that the funding may not be included but whether we keep it or not will be included in the decadal plan?

Mr Sullivan: We have to consider that in terms of the response to the joint committee inquiry. It'll be part of the broader consideration of future funding needs for Antarctic science as well.

Senator WHISH-WILSON: Are you aware of how long we've got to commit to funding it before we lose it to overseas partners?

Mr Sullivan: Ms Campbell might have a better idea of timing for that.

Ms Campbell: Again, I can't recall—Ms Buchanan might be able to assist—what the actual timings are. I think there is some partnership funding within the government. My recollection is, for example, that CSIRO was providing some funding. I know that UTAS has provided in-kind funding. In terms of the specifics on the timing, Ms Buchanan, is there any further on that?

Senator WHISH-WILSON: You could take that on notice. I understand it's later this year.

Ms Buchanan: We haven't been given any specific timeframes that would clarify when we would lose SOOS to overseas under a funding scenario. We're happy to take it on notice, but we haven't got any specific dates that I'm aware of.

Senator WHISH-WILSON: Thank you.

CHAIR: Thank you for joining us, and we release you.

Department of Climate Change, Energy, the Environment and Water
Murray-Darling Basin Authority

[16:54]

CHAIR: I will now ask officers from the department in relation to outcome 4 to come forward. Outcome 4 is to improve the health of rivers and wetlands and enhance the sustainable, efficient and productive use of Australia's water resources, and we're in program 4.1, Protect, restore and sustainably manage Australia's water resources. Would either of the witnesses care to make an opening statement?

Mr McConville: No.

Dr Banks: No.

CHAIR: Thank you very much. We will go to Senator Davey.

Senator DAVEY: Most of my focus is going to be on the water recovery program. I'll come first to the selected-catchments open tender for up to 70 gigalitres, which, on my understanding of the timeline, opened last year, and tenders closed in September 2024. In a press release from November the minister said that more than 1,000 willing sellers had responded to that tender. Is that correct?

Ms Wall: Yes, that is correct.

Senator DAVEY: According to your website, as at 25 March 23.2 gigalitres has been recovered through that tender to date?

Ms Wall: Yes, that is correct.

Senator DAVEY: If it closed in September, then in six months you've recovered 23.2 gigalitres of 70 gigalitres. That's taken quite a while. Some of the tender papers actually said that people would be notified by the end of February if their tender was to be accepted. Did everyone whose tender was going to be accepted get notified by the end of February?

Ms MacRae: We did have indicative timeframes in the approach to market that said when we would endeavour to get back to people. We did say we would start accepting offers in December, which we did do, and we've been working through the responses, establishing value for money and accepting offers in due course as we move through the offers that we receive.

Senator DAVEY: I've been contacted by people who said, 'We put in a tender.' They haven't given me any of the details of the tender, because they're not allowed to, which is fine. I accept that. But they haven't heard anything. They're referring to the indicative timeframe, saying they expected to have been notified by the end of February.

Ms Wall: Could you tell us the reference again for February? We're not aware of the February reference. We definitely said that we would be purchasing from the beginning of December—

Senator DAVEY: That's right.

Ms Wall: and through the quarter.

Ms MacRae: Into the following year—we'd continue accepting offers into 2025.

Senator DAVEY: So it's right through to the following year. People who have lodged a tender may still get contacted?

Ms Wall: That is correct.

Senator DAVEY: Up to potentially the end of this year?

Ms Wall: That's correct.

Ms MacRae: If it helps, the tender response has had a validity period of 12 months. We ask that tenderers commit to that price for a 12-month period, which will expire in September.

Senator DAVEY: That brings me to my next question. If I've lodged a tender at a price and the market has moved, can I withdraw from the tender process?

Ms Wall: Yes, of course.

Senator DAVEY: Have people withdrawn from the tender process to date?

Ms Wall: With respect to the 70 gigalitres, probably no.

Ms MacRae: We have had people request to withdraw their tender response for a multitude of personal reasons.

Senator DAVEY: Delay could be one of them.

Ms O'Connell: It's within the timeframe. As we said, validity is 12 months. There are a number of reasons why things may take longer, such as doing due diligence and ensuring value for money.

Senator DAVEY: I accept all of that. It's been six months from the close of tender. You've accepted and contracted 23.2 gigs of 70 gigalitres. Have you made offers that have notionally been accepted but for which the paperwork has not yet been finalised?

CHAIR: Before you answer that question, I'd like to welcome Senator the Hon. Jenny McAllister, Minister for Cities and Minister for Emergency Management, representing the Minister for the Environment and Water.

Senator McAllister: Thanks.

CHAIR: Please, go on.

Ms Wall: Yes, there are a handful. We'll say it that way. We are in that process at the moment.

Senator DAVEY: I appreciate you can't give me details because the contracts have not exchanged, and that's okay. I'm very interested that, on 22 February this year, the minister signed an approval for the department to commence a water purchase program for up to 100 gigalitres of water rights through expressions of interest from owners of large portfolios of water, in a multistage procurement. That occurred on 22 February, and, 12 days later, a contract had been signed and exchanged to purchase 30.6 gigalitres of water for \$121.3 million from Duxton Water. It took 12 days for that purchase. In this case people are still waiting six months later to get even an acknowledgement, a phone call or a reply to say, 'Mate, we're not interested in your water. You can move on,' or, 'We are interested in your water, but we're still doing due diligence.' There are people hanging in limbo. These are the smaller people where it really matters, because they've got the bank knocking on their door, whereas a massive corporate sale in one hit takes 12 days.

Ms O'Connell: You're not comparing the same thing there. Those 12 days do not include the entire expression-of-interest process that went beforehand. That needs to be taken into account if you want to compare the two.

Senator DAVEY: On my understanding of the expression-of-interest process, the expressions were lodged by November last year.

Ms Wall: The expressions of interest opened on 30 September. It closed at the end of November, on 27 November. Throughout November into early February we evaluated and designed the new program, and then, yes, after that we issued a new trading strategy. As you'd be aware, we issued a new trading strategy in February. This process did actually start all of the way back in September 2024.

Senator DAVEY: It opened in September and closed in November, compared with the open tender process, which closed in September. This tender process closed in September, when the due diligence should have started. The expressions of interest for those with large portfolios opened at the end of September and closed in November, and only then could due diligence have started.

Ms Wall: The process is ongoing, so it's very difficult to answer questions here. I would probably state that under the EOI2 we didn't get a significant number of applications. As you said earlier, we did receive a significant quantity of applications.

Senator DAVEY: How many applications did you get under the EOI2?

Ms Wall: That is ongoing at the moment. I would like to take that on notice.

Senator DAVEY: It closed on 7 November, so you would know whether you had four, five or 10. I'm not asking for details of who or how much.

Ms Wall: It is a small number. I'll say that. We would still like to protect the Commonwealth's interests and keep it competitive. As we said in our trading strategy, we collect the information through EOI2, but we will run multiple rounds to finalise that procurement process.

Senator DAVEY: At the risk of hazarding a guess, when the minister signed off in February, that was to commence a purchase program for up to 100 gigs. Their large portfolio's EOI was for a minimum purchase of 20 gigs or more. Do I hazard a guess that you had at least five applications?

Senator McAllister: I think the official took that on notice, Senator Davey.

CHAIR: Nice try, though.

Senator DAVEY: You've got to try. You can't blame me for trying! And you can't blame people who have put in for the open tender process, as much as I don't like it. A lot of the people who have put in for it are under huge financial stress. They're stressed sellers, not necessarily willing sellers, and they are still hanging in limbo, waiting, because the government has taken all of the bluff and bluster out of the broader market. Everyone is now focused on—you've got EOI2 going on; you've got the open tender still going on, and you've got the Aboriginal Water Entitlements Program purchasing going on. There's barely any room for anyone else in the permanent water market.

CHAIR: We'll accept your statement, Senator Davey. I don't think there's a question in there. But it does pose for me a bit of a question. Obviously, Senator Davey just set out the enormous amount of work that is going on in the water recovery space, and she is quite frustrated that it's not happening faster. I wonder if you could just step out for us what happened in the nine years under the coalition government in terms of the speed of water recovery and the volume of water recovery.

Mr Fredericks: I don't think we're in a position to answer that.

Senator DAVEY: I'll put that one to the minister.

Mr Fredericks: Thank you.

Senator McAllister: I think what we can say is that, when we came to government, very little progress at all had been made on the recovery that was necessary, particularly in relation to the 450 gegalitres. Officials can confirm the volume of water that had been contracted at the time that we came to government, but it was very small indeed. I won't hazard a guess; I'll ask Ms O'Connell to follow up. Essentially, this work had stalled.

We remain open to the possibility that water can be recovered through a range of ways, and our strategies make that clear. It's not simply through purchase. We are interested in what can be done through infrastructure investments as well, and our funding and our programs support that approach. It also supports the work that we are doing with state governments to make sure that communities are supported through this as well. But I can ask Ms O'Connell to give an update about what has occurred in the period between May 2022 and now to make progress on some of those volumes, where progress, as you correctly observe, had effectively stalled under the leadership of the coalition over the previous decade.

CHAIR: Thank you, Minister. That would be very helpful.

Ms O'Connell: In terms of progress towards achieving the 450, the first element was the legislative changes that took place in November 2023, the restoring our rivers legislation, which did a number of things including placing an obligation for best endeavours to deliver the 450. Straight after that, in January, we produced a framework for how we were going to deliver the 450. We set it all out, including the infrastructure projects, the water purchase programs and also the community adjustment programs that would go with it. We finalised that after much consultation. The draft was in January 2024, and we finalised that, after much consultation, in the middle of 2024; I think it was June 2024. Since then we've been delivering according to that program. The various purchases we've been talking about, the 70 gegalitres, were foreshadowed for that timing in that overall program, as was the expression-of-interest program and of course the opening for the infrastructure program, which we did recently extend the timeline for because we were receiving a number—which is a good thing—of infrastructure projects, to deliver water to the 450.

Senator DAVEY: What's the new deadline?

Ms Wall: The applications close on 30 June 2025.

Senator DAVEY: So it's been a six-month extension?

Ms Wall: Yes. It was meant to close in December, and it was extended to June.

Ms O'Connell: It's been pleasing to get applications under the infrastructure program. We were aware that there were more to come, so we took the action to extend that and allow for more water recovery through infrastructure projects.

Senator DAVEY: I'll come back to that, but I do want to ask about the water recovery.

CHAIR: Senator Davey, we will rotate the call to Senator Roberts and come back to you.

Senator DAVEY: You opened it. You provided the segue for me to move into a new topic.

CHAIR: I think if you're going to move into a new topic, we'll give Senator Roberts a whirl and then come back to you, if that's okay.

Senator DAVEY: I'm always happy to hand over to Senator Roberts.

CHAIR: Ms O'Connell, had you finished your response to the question?

Ms O'Connell: Yes, I had.

CHAIR: Thank you. Senator Roberts.

Senator ROBERTS: Thank you for appearing here today. The last time a significant dam was built or extended was the expansion of Cotter Dam in 2013. That supplies Canberra's water supply. In the years since, Australia's population has grown by five million—a 21 per cent increase in population—from 23 million to almost 28 million. Minister, that is 2.5 million people in just three years under your government—and no new water. Where's the water coming from?

Senator McAllister: It's an important question, because water security is elemental for the expansion of our settlements, as you point to, but also, of course, for the continuing productivity and sustainability of all of the primary production that happens and is so important to regional communities. The provision of drinking water supply is essentially a responsibility of states and territories, but it is the case that the Australian government

makes contributions to support those states and territories in their projects. I can ask officials to speak to you about some of the projects that are being supported or contemplated through the national water grid programs.

Senator ROBERTS: Rather than asking where the new projects are coming from, which would be interesting, I'd like to know where the water is coming from already to provide for another five million people—a 21 per cent increase in population in the last five years.

Senator McAllister: I think your question really goes to the availability of water infrastructure. As I've said to you already, this is the responsibility of states and territories. Planning for water supply is not an area where the Commonwealth lead, but we do support states and territories. There are a number of projects that are ongoing. Senator, as we've often talked about in these committees on a whole range of policy issues, we are in a federation. There are some things which really just are not the responsibility of the Australian government constitutionally, and we don't seek to impose ourselves in areas where the states lead.

Ms O'Connell: I'm happy for Mr Darrough to outline some of the projects that are, from an infrastructure perspective, providing greater water security.

Mr Darrough: The Australian government is contributing funding through the National Water Grid Fund to support states and territories and the projects that they've brought forward. More than \$3 billion is committed to the fund, and there are currently 173 projects that are in flight across the country: First Nations communities, regional and remote communities and water for productive purposes and recycled water, making better use of the water that's already in the system.

Senator ROBERTS: By the term 'better use', you're meaning the amount of water people use should be reduced? Do you have a target for water consumption person per day?

Mr Darrough: No. An example might be the Cairns water security project. That's a project that was developed by the local government. The proposal came forward via the Queensland government to the Australian government for consideration. All projects for water infrastructure through the National Water Grid Fund need to come through a state. There's a competitive federalism aspect to it where all states are able to put in applications. An assessment is made of those. But accompanying the investment in the Cairns water security project are a range of measures that are being put in place by local government to look at the demands that people have for the use of water within Cairns as well, allowing a two-pronged approach. One is increasing the reliability of the water in the Cairns area but also, at the local government area, encouraging people to use their water more wisely.

Senator ROBERTS: As I understand it, you listed 173 projects and you're also wanting councils and states to make better use of the water. I attended a briefing organised by your department in 2019, where a target of 150 litres per person per day was announced as the target, with a final target of 120 litres per person per day as a way of making our existing dams stretch to meet the needs of millions of new arrivals. Will you confirm your target is 150 litres in the short term and 120 litres in the long term?

Ms O'Connell: I think the official has already given evidence that it's a target in terms of water usage. We're supporting projects that reduce water usage, make better use of water and do all sorts of things, given the varying climate that we're facing.

Senator ROBERTS: 'Varying climate'—that brings in another issue. We'll put that aside for a minute.

Senator McAllister: We do have a highly variable climate. I think even you could accept that, from a water availability—

Senator ROBERTS: Across the nation, yes, and across the Murray-Darling Basin, of course.

Senator McAllister: Indeed, which I think is what Ms O'Connell was talking about.

Senator ROBERTS: Ms O'Connell said she's expecting a variable climate. We already have one.

Ms O'Connell: We have one.

Senator McAllister: We do have one. There is no dispute about that.

Senator ROBERTS: I was told in a briefing that there are targets. That's no longer the case?

Mr Darrough: Sorry? Was that briefing from 2019; is that correct?

Senator ROBERTS: Yes.

Mr Darrough: I'm not aware of the briefing. The national water grid was established as an entity at the end of 2019, so it was certainly not a national water grid briefing.

Senator ROBERTS: Something that is concerning a lot of our constituents is that, in the briefing that your department organised in 2019—and I accept they're no longer targets—there was discussion that these targets

would be met through the use of smart meters that turn water off after the daily water allowance for that household has been reached. Are smart meters still a part of your plan?

Mr Darrough: Senator, it's—

Senator ROBERTS: Yes or no?

Ms Wall: This department didn't exist in 2019. Do you know which department it was?

Senator ROBERTS: No, I can't remember.

Ms Wall: I don't think anyone at the table was in attendance.

Mr Fredericks: I think we might need to take that on notice. That's a previous iteration of this department. That's under another government, which always makes me nervous. We'll take it on notice. There's every chance I'm going to come back to you and say we can't provide any information.

Senator ROBERTS: So you're taking it on notice to identify where it came from?

Mr Fredericks: Exactly.

Senator ROBERTS: That would be good. Is directing treated sewage back into drinking water reservoirs part of your plan? I know it is in Queensland.

Senator McAllister: You have referred repeatedly to a 'plan'. I think it would help if you could identify the name of the plan. Officials have given you evidence that planning for urban water supply is the responsibility of states and territories.

Senator ROBERTS: Yes. I'm assuming the Commonwealth government has a plan. If I'm wrong, then I'm sorry. But the state government has mentioned in Queensland treating sewage water and putting it into our drinking reservoirs. Surely the states would be coordinated by you guys?

Senator McAllister: No. States and territories take responsibility for managing urban water supply. That is a core function of state governments.

Senator ROBERTS: I've got another set of questions.

CHAIR: Okay. We'll go back to Senator Davey.

Senator DAVEY: We'll come back to water recovery. I want to come to the water recovered, because much has been said about the fact that only two gigalitres was contracted under the former government. There were projects that had been identified and assessed, but the contracts had not been exchanged prior to the change of government. I just want to put that out there.

Senator McAllister: Nine years later.

Senator DAVEY: Currently, 104.2 gigalitres is registered towards the 450 gigalitres; is that correct? This is from your website as at March this year.

Ms O'Connell: Yes, as at 6 March.

Senator DAVEY: That's 132.1 gigalitres that has been secured, and 104.2 gigalitres has been registered. That's water that's been transferred to the accounts, with 4.7 contracted and 23.2 accepted offers. That's the breakdown of that 132 gigalitres, according to your website.

Ms O'Connell: At that date. Of course, things move. We have now secured more and contracted more, and the expectation is that, once the whole conveyance takes place, there will be more registered as a result of that.

Senator DAVEY: I do note that, on that date, of the 104.2 gigalitres that was registered, 78.2 gigalitres is overrecoveries that the minister for water has now specified towards the 450 gigalitres?

Mr Dadswell: Yes, that's correct.

Senator DAVEY: So when was that 78.2 gigalitres of overrecovered water recovered?

Mr Dadswell: I understand that goes back to some of the original Bridging the Gap activities a number of years ago.

Senator DAVEY: Some of it goes all of the way back to 2008. Some of it indeed may have occurred under the previous government, but because it wasn't allocated to the 450 gigalitres it doesn't fit the rhetoric of the previous government doing nothing. Can you provide us—

CHAIR: Those are quite clear facts in terms of looking at the data.

Senator DAVEY: Yes, 78 gigalitres of water had been recovered prior to your government coming into being but is now magically part of your 450 recoveries that have only occurred since your government came into place—even though the water was recovered a long time ago, some of it even back to 2008 in the original water

tenders. I'm just making the point that some of this water recovery which is now going towards the 450 target is just a change in how you are treating water that is historical recoveries.

Senator McAllister: Senator Davey, amongst the many things which have allowed this government to make substantial progress on this target, I can point to a number of features. One is that we support implementation of this feature of the plan. As I recall, you personally did not, and neither did Senator McKenzie and a range of other senators, who actually sought to change the arrangements in the plan so that this target, this element of the plan, would not be implemented at all. So a willingness to pursue this is at the core of the change in direction that's been pursued by this government. The second thing is that, as Ms O'Connell has indicated to you and as you acknowledged in your question, the minister took a decision to allocate this volume of water towards that 450 target. That was not a decision taken under your government. It could have been, but it was taken subsequent to our election. The third is that, as officials have explained to you, we are now pursuing a rejuvenated approach to recovery which includes new infrastructure projects but also voluntary water purchase, and that is making a difference to our ability to proceed with the plan.

Senator DAVEY: A stressed water purchase. On that 78.2 gigalitres, which is now being treated differently, I am aware that questions had been asked under the previous government as to why that water could not have been treated as part of the 450 target. Stakeholders and others were told at the time that it couldn't be part of the 450 because things like water resource plans weren't finalised, and other aspects. What has changed? The minister has now redirected this water to being under the 450 target. I understand the questions had been asked under previous governments and previous ministers about whether that could be done, but the action was never taken. I wasn't the minister at the time, so I don't know. Has something changed that has enabled this water to now be treated as a new purchase under the 450 that has only been facilitated by this government?

Ms O'Connell: As to the things that have changed—firstly, the legislative change to implement the Basin Plan in November 2023 enabled and facilitated the counting of the overrecoveries to the 450 and the allocation to the 450 gigalitres. So that's changed. You mentioned water resource plans. There were 20 remaining water resource plans that New South Wales needed to deliver. Sixteen of those 20 have now been delivered. The framework that I mentioned, which was set out and finalised in mid-2024, for how we were going to go about delivering the 450 included allocating the overrecoveries to the 450, which was able to be done following the legislative changes.

CHAIR: Senator Davey, I will get you to share the rest of the time with Senator Roberts. These good people are due back next week.

Senator DAVEY: I know they're due back next week. I appreciate Mr McConville and Dr Banks are sitting here patiently. I'm ignoring you out of kindness, not out of disregard. There are a lot of questions. I want to come back to the application infrastructure.

CHAIR: You've got about a minute, Senator Davey.

Senator DAVEY: Can you tell me just quickly, because you mentioned it before—for the infrastructure, you've extended the deadline to 30 June. You've got more applications. Can you give me the number of applications you've got to date?

Ms O'Connell: We have 11 projects underway.

Senator DAVEY: That's 11 projects that are being assessed?

Ms O'Connell: Underway. Some are actually funded and going ahead, and some of them have their applications in and are being assessed.

Ms Wall: That's correct. Of those eleven, seven are feasibility projects, and we are expecting full applications for project implementation in by the end of June.

Ms O'Connell: The remainder are actual projects being delivered?

Ms Wall: That's correct.

Senator DAVEY: When you say seven are feasibility, currently feasibility is being taken and you expect the full project application by the end of June?

Ms O'Connell: Correct.

Ms Wall: Yes, that's correct. That's what everyone is working towards.

Ms O'Connell: The remainder are projects in flight.

Senator DAVEY: There's a very tight deadline. Are they being assessed against the likelihood of finalisation by the deadline?

Ms Wall: Definitely. Deliverability is the key merit criterion that we utilise.

Senator DAVEY: Last time I looked at the website, I saw only two projects up there. Is that being updated?

Ms MacRae: The website only has two at the moment. The feasibility projects aren't listed on the website as yet, but those seven are progressing.

CHAIR: Senator Roberts, you have a couple of minutes left, but, as I said, these good people are due back next week.

Senator ROBERTS: I recently saw media reports of buybacks for another 100 gigalitres of water as part of the 450 gigalitre final tranche. This water will vest apparently with the Commonwealth Environmental Water Holder and be used for environmental flows. Is that correct?

Ms Wall: That is correct.

Senator ROBERTS: Can I confirm how much water the Commonwealth Environmental Water Holder traded in calendar 2024. On your website it shows nothing was traded; is that correct?

Dr Banks: That's correct. We haven't done any trades in the last financial year.

Senator ROBERTS: So you can trade, but it's not been done?

Dr Banks: There are provisions under the Water Act that enable us to trade both entitlement and allocations in particular allocations. There have been five trades since the function commenced in 2008-09.

Senator ROBERTS: When was the last trade?

Dr Banks: The last trade would have been in 2018. Since I've been in the role, we did go through a tender process to trade some allocation in the Goulburn River. However, none of the offers were at a level that was acceptable, so we didn't sell any water at that time.

Senator ROBERTS: According to the monthly accounting provided by the South Australian government, in the last six months to 28 February the flow over the barrages in South Australia amounted to 1,360 gigalitres. These flows are probably five times higher than is needed for river health. Minister, you are not only buying water that the system doesn't need from farmers—your department is sending more water out to sea than is necessary, instead of selling the allocation to farmers so that they can grow more food and fibre to feed and clothe the world. Why are you doing that?

Senator McAllister: Senator, I feel I have discussed this with you in quite similar terms at previous estimates, but I will try again. We'll see if my answer will satisfy you on this occasion. The Murray-Darling Basin was widely recognised, particularly during the millennium drought, to be suffering from the overallocation of the available water resources. The consequence of that was that all of the water users—food and fibre producers, people living in the towns within the basin and indeed the environmental assets that are within that basin—were suffering for a number of reasons. One was inadequate water being applied to each of those kinds of activities. The other was that there was, for the producers in particular, a lack of certainty and confidence about the provision of water. The analysis at the time, when the Murray-Darling Basin Plan was developed, was that it was in the interests of everybody living and working within that system for there to be a healthy basin—one where the overall take of water out of that system was aligned with what was sustainable and was being allocated in a way that would sustain productive activity, as well as the communities that lived there and the environmental assets, which mean a lot to the people that live there and also mean a lot in maintaining the overall health and productivity of the basin as an economic asset. That is why successive governments have been supportive of implementation of the Murray-Darling Basin Plan.

In your questions to me and to officials here, you often assume that the only metric that matters in this system is the volume of water that flows out of the Murray mouth. It's true that it can be an important metric in telling us about what's happening in the lower part of the basin. But it's also true that the application of water to the many environmental assets up and down the basin matters a lot. Dr Banks can talk you through some of the things we're able to achieve when we apply environmental water to environmental assets, but we have some terrific examples of using that water to catalyse bird breeding, to catalyse fish breeding and to deal with a whole range of other challenges facing really sensitive vegetation communities. We've now, after quite a long time of holding and using this water, got quite a good evidence base about what it means to be able to use the water in this way. I'm very conscious that we've got limited time, but your question was very general in nature. This is why not just our government but other governments have committed to implementing the Basin Plan.

Senator ROBERTS: Correct me if I'm wrong, Minister, but since the last shortage of water, the last drought, we've had a massive flood along the Murray.

Senator McAllister: We talked about this earlier in estimates—

CHAIR: Sorry, can I just interrupt for a moment. Senator Roberts, we are going to finish up in approximately two minutes. If there is a way of you prioritising the questions you need answers to today, ask your last question.

Senator ROBERTS: Water allocations above the Barmah Choke are selling for \$45 per megalitre. Below the choke, it's around \$95 per megalitre. There are tens of millions of dollars in lost government revenue from this failure to sell environmental water in excessive optimum to-sea flows. Will you intervene and redirect some of this water back to agriculture?

Senator McAllister: I think that question doesn't engage with the information I just provided to you in my last answer, which is that the water—

Senator ROBERTS: With respect, Minister, your answer didn't engage with the figures I provided as well.

Senator McAllister: The water that is held by the Commonwealth Environmental Water Holder is used in a range of places, including in the northern basin, to support some really important outcomes. I will ask Dr Banks to talk about a couple of those examples.

Dr Banks: Just on the barrage flows—you mentioned the floods and what happens between floods. We've been able to show that post floods, the salinity levels in that system do increase. In fact, right at the moment, lake levels are heading to a critical threshold down there. The only reason they actually can be held up is because of the Commonwealth's water.

Through our watering actions, as the minister's said, native fish have been a real focus. That might be focusing up in the tributaries. The Goulburn is a good example of where we've been able to support the movement of fish. We inundate the habitat utilised by fish for breeding. We've also been able to do similar sorts of things in the lower Murray, by enhancing flows. We're able to use the water to vary flows to suit the requirements of native fish. In terms of vegetation, we know from our science program that sites that have been watered through the use of Commonwealth environmental water are in a healthier condition when we go into another drought or dry condition compared to a site that hasn't received environmental water.

We've got a science program that's been going for approximately 10 years that has really good evidence to show what we can achieve for native fish, what we can achieve for vegetation and also, as the minister indicated, for waterbirds. We have used our water to be able to prolong and ensure the completion of some of the largest waterbird breeding that the basin has seen in many years, after the floods. That's important, because that's about providing habitat for those birds to move to but also just ensuring that predators and other animals don't get in and reduce the success of the waterbird breeding.

Senator ROBERTS: Thank you, Dr Banks.

CHAIR: We're going to move onto the next item, Senator Roberts. Like I say, these are people who are due back next week. Thank you so much. We really appreciate your time. I will now release you all.

INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT, COMMUNICATIONS AND THE ARTS PORTFOLIO

In Attendance

Senator McAllister, Minister for Emergency Management, Minister for Cities

Department of Infrastructure, Transport, Regional Development, Communications and the Arts

Executive

Mr Jim Betts, Secretary

Ms Maree Bridger, Chief Operating Officer

Mr James Chisholm, Deputy Secretary, Communications and Media Group

Dr Stephen Arnott PSM, Deputy Secretary, Creative Economy and the Arts Group

Data, Research, Strategy and Net Zero Division

Mr Andreas Bleich, Acting First Assistant Secretary

Ms Georgia O'Cianain, Assistant Secretary, Bureau of Infrastructure and Transport Research Economics and Bureau of Communications, Arts and Regional Research Branch

First Nations Partnerships

Ms Bek Hendriks, Acting First Assistant Secretary

Mr David Lindenbaur, Assistant Secretary

Finance, Budget and Governance

Mrs Cha Jordanoski, Chief Financial Officer

Mrs Jodi George, Assistant Secretary, Financial Management Branch

Mr Andrew Burke, Assistant Secretary, Assurance, Integrity, Risk and Governance Branch

Mr Mike Hogben, Assistant Secretary, Budget Engagement and Strategy Branch

Information Technology

Mr Jeff Goedecke, Chief Information Officer

People, Culture and Change

Ms Rachel Houghton, Chief People Officer

Mr Chris Thompson, Acting Assistant Secretary, Communication Branch

Ms Jacqueline Tucker, Acting Assistant Secretary, Government Services Branch

Ms Sonia Bradley, Assistant Secretary, Integrated Services Branch

Ms Kylie Donovan, Assistant Secretary, People Branch

Enterprise Resource Planning Program

Mr Anthony Howatson, Assistant Secretary, Enterprise Resource Planning Program

Outcome 5

Communications Infrastructure Division

Ms Lisa La Rance, First Assistant Secretary

Ms Victoria Robertson, Acting Assistant Secretary, Telecommunications Resilience Branch

Dr Jason Ashurst, Assistant Secretary, Digital Inclusion and Deployment Branch

Ms Nicolle Power, Assistant Secretary, Universal Services Branch

Ms Shanyn Sparreboom, Assistant Secretary, Competition and Spectrum Branch

Mr Ben Phelps, Assistant Secretary, Broadband and Emerging Communications Branch

Digital Platforms, Safety and Classification Division

Ms Sarah Vandenbroek, First Assistant Secretary

Mr Andrew Irwin, Assistant Secretary, Online Safety Branch

Mr Andrew Hyles, Assistant Secretary, Digital Platforms, International and Policy Branch

Mr Mitchell Cole, Assistant Secretary, Classification Branch

Media Policy Division

Ms Bridget Gannon, First Assistant Secretary

Ms Margaret Lopez, Assistant Secretary, Media Industry and Sustainability Branch

Mr James Penprase, Assistant Secretary, Media Reform Branch

Ms Susan Charles, Assistant Secretary, News and Journalism Taskforce

Communications Services and Consumer Division

Mr Samuel Grunhard, First Assistant Secretary

Ms Kathleen Silleri, Assistant Secretary, Consumer Safeguards Branch

Ms Karly Pidgeon, Assistant Secretary, Regional Mobile Infrastructure Programs Branch

Ms Anthea Fell, Assistant Secretary, Post, International Telecommunications and ACMA Branch

Mr Jason Lange, Assistant Secretary, Regional Connectivity Branch

Outcome 6

Office for the Arts

Mr Phil Smith, First Assistant Secretary

Ms Samantha Browne, Acting Assistant Secretary, First Nations Languages and Regional Arts Branch

Ms Marie Gunnell, Assistant Secretary, Cultural Policy Strategy and Program Support Branch

Mr Jesse Fatnowna, Assistant Secretary, Creative Industries Branch

Mr Jason Potkins, Acting Assistant Secretary, Screen and Arts Workforce Development Branch

Ms Alison Todd, Assistant Secretary, Arts Development and Investment Branch

Ms Ann Campton, Assistant Secretary, Collections and Cultural Heritage Branch

Portfolio Agencies

Creative Australia

Mr Adrian Collette, Chief Executive Officer

Mr Tim Blackwell, Executive Director

NBN Co Limited

Ms Ellie Sweeney, Chief Executive Officer [by video link]

Mr Phillip Knox, Chief Financial Officer [by video link]

Mr Gavin Williams, Chief Development Officer, Regional and Remote [by video link]

Mr Dion Ljubanovic, Chief Network Officer [by video link]

Ms Anna Perrin, Chief Customer Officer [by video link]

Department of Infrastructure, Transport, Regional Development, Communications and the Arts

[17:40]

CHAIR: Welcome to the communications and arts portfolio. I would like to welcome Mr Jim Betts, Secretary of the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, and the relevant officers from the department. We will start with corporate matters and general questions. I will, again, make the point that corporate matters and general questions relate to central departmental administration, such as building services, ICT, staffing levels and media procurement. Questions relating to individual policies and programs should be addressed to officials when the specific programs are considered in subsequent sessions. Mr Betts, do you have an opening statement?

Mr Betts: Just a very brief one, if I may.

CHAIR: Yes, absolutely. Please go ahead.

Mr Betts: I wrote to you on 4 March about the tight deadline for responses to questions on notices following the committee's last hearing. As I sought to explain in that letter, the shortened turnaround time for QONs, combined with the parallel call on resources associated with preparing for the budget, means that, as at 7.45 am, 102 answers were lodged, 20 were with the minister's office for clearance and a further 37 were with the department, for the most part because they required coordination across multiple different agencies. But, given this context, my team and I will endeavour to answer as many questions as we can in the room today.

CHAIR: Thank you very much, Mr Betts. We do acknowledge those pressures—some of which came as more of a surprise than others. We will start with questions—no?

Senator CADELL: I don't believe I've got any corporate questions, but just for clarity, because I've never asked a question on this before, the review into keno-like will be in outcome 5, not corporate matters?

Mr Betts: Yes, outcome 5.

Senator CADELL: Thanks for the clarification. That's all I've got.

CHAIR: Excellent. Well, I'm glad that we had this corporate session. That was very informative, and I will now release the corporate section.

[17:42]

CHAIR: I will move directly to outcome 5, program 5.1, which is digital technologies and communications services. Thank you for coming. We will go directly to Senator Cadell.

Senator CADELL: Just for a surprise, I'd like to talk about the review on keno-like—

CHAIR: Who knew!

Senator CADELL: and the impact of matched lotteries. It was announced on 15 July, I think. It's intriguing to me. Where is it at?

Mr Chisholm: I am actually going to ask my colleague Ms Lopez to update you on the work.

Senator CADELL: I'm going to be very conversational here. Matched lotteries are the US type—whatever the US versions of Powerballs are and that sort of stuff?

Ms Lopez: In terms of foreign matched lotteries, that is a product where consumers can buy lotteries in international lottery draws.

Senator CADELL: Yes, but it's not actually buying a ticket; it's like an insurance product or something like that, is it? Or is it—

Ms Lopez: Our understanding is it works through an agent type arrangement. I think the different operators may have different models, but that's generally the approach.

Senator CADELL: So the review is happening. Is it complete?

Ms Lopez: The review has been conducted, and that was in response to a recommendation from the Senate committee looking into the credit—

Senator CADELL: I think it was a House of Reps committee, wasn't it?

Ms Lopez: No, it was a recommendation of the Senate Committee for the Scrutiny of Bills, as a result of the credit card bill that was introduced in 2023. The department did conduct that review last year, and that included targeted consultation with a range of key stakeholders, including harm-reduction advocates; states and territories, where a number of these products are licensed; as well as industry—that includes operators of these types of lottery offerings.

Senator CADELL: Has the review been provided to government?

Ms Lopez: Yes, it has.

Senator CADELL: Can I ask when that was?

Ms Lopez: I don't have that date on hand.

Senator CADELL: That's fine.

Ms Lopez: I think it was earlier this year.

Senator CADELL: I was half hoping to expand it. Talking about crossover between interactive gambling and communications, I can't go onto Facebook now without seeing this McLaren guy or these giveaways saying, 'Sign up to buy a car.' That didn't form part of these things?

Ms Lopez: No.

Senator CADELL: So there would be potential scope in the future to look at other gambling-like products used over communications if we wanted to?

Mr Chisholm: There has been a bit of work on updating classification rules in relation to gaming-like products in the online safety space.

Senator CADELL: No, these aren't—I think he's McLaren man, and there are other things that come onto my Facebook page saying, 'Do this and you can win a car' or 'Win this car'. They are very lottery-like, I would say, using comms systems without being lotteries. I think someone's been charged interstate for it. Anyway, it's something for the new government.

Mr Chisholm: We are aware of that example you're referring to. It doesn't fall squarely within what we're doing at the moment—

Senator CADELL: No, it's a funny—

Mr Chisholm: but we're very happy to come back to you with anything further we can uncover.

Senator CADELL: Minister, not getting on to a date, do you know if there are plans to publicly release the report on the review any time?

Senator McAllister: I don't have information about that. It'll be a decision for the minister. I think the advice to you from officials was that the origin of the review was work that had been undertaken and a recommendation from a Senate committee. The government's response to the committee was tabled in the Senate in February this year.

Senator CADELL: One of the things I read—I think it was in the minister's release—was the definition of an excluded lottery service. You probably can't say, because it's going to be cabinet-in-confidence because you've provided it to government. I'll ask that question, and you'll say, 'I can't answer,' because it's going to be covered. Has there been much work done on that? Do we think we need to expand that?

Ms Lopez: That was one of the considerations as part of this review. Online keno is considered an excluded product under the IGA, particularly as part of the credit card bill that meant that you can still use credit cards to purchase that particular product.

Senator CADELL: That's all. Thanks. I'm happy to roll around or keep going.

CHAIR: Keep going.

Senator CADELL: Do you want to do yours?

Senator DAVEY: Yes, I'll do mine. Thank you. Minister, you put out a press release on Monday with your colleague Minister Rowland for an additional \$14 million to extend the STAND program, which was a very good program commenced by the coalition government. I'm very pleased to see that you are continuing to invest in it. But, when we went through the budget papers, we couldn't identify where the additional \$14 million is. Could you point me in the right direction?

Senator McAllister: I'll ask officials to talk through the financing arrangements.

Mr Chisholm: I'll just check if one of our finance colleagues is here to help.

Ms Robertson: The funding for the STAND announcement that came out on Monday was originally stated in the 2024-25 MYEFO document. It was on page 293 of that document. It was listed as:

\$16.0 million over two years from 2024-25 to extend the Strengthening Telecommunications Against Natural Disasters Package to continue Sky Muster Community Wi-Fi services at emergency coordination points to 30 June 2029 and to improve telecommunications infrastructure resilience in regional Western Australia.

The regional Western Australia part of the package does not form part of STAND; it's a different, separate package, but \$14 million was set aside in MYEFO for that.

Senator DAVEY: So it's \$14 million for STAND and \$2 million for the Western Australian package.

Ms Robertson: That's right, yes.

Senator DAVEY: The media release noted 500 sites would benefit from this. Have those sites been determined at this stage? If not, how will they be determined?

Ms La Rance: The sites haven't been determined yet. That will be the next step. We'll be working closely with our NEMA colleagues, and they do risk assessments of the different emergency centres, so that will be taken into consideration, along with the facilities that are currently available in that particular setting. Then there will be consultation with the states before that list is settled.

Senator DAVEY: So it won't necessarily be a grant program per se, because NEMA will be involved in identifying and triaging at-risk sites?

Ms La Rance: That's what we're proposing as the first step in that program—utilising the risk assessment process that NEMA goes through.

Senator DAVEY: And when will that assessment process commence?

Ms La Rance: That will start pretty soon.

Ms Robertson: Yes, it will. That program will commence very soon, as Lisa was saying. Basically, we have already been in contact with NEMA to identify the list of evacuation centres and ask them for a risk overlay map

to help us identify those sites, so we'll be working in partnership with our colleagues at NEMA to do that initial review and then use that information to consult with the states and territories.

Senator McAllister: I think, Senator, one additional point I'd make just for clarity and completeness is that the funding does allow the expansion of the program to new sites but it also extends the existing operation of the existing sites, because the funding supports not just the infrastructure that allows the satellite connection to be established for that place but then some aspects of the cost associated with operation of or connection to that infrastructure.

Senator DAVEY: Thank you for that clarification. I want to ask about the National Messaging System. That was originally funded in the coalition's 2022 March budget, and, to their credit, the Albanese government reaffirmed the commitment. It was another press release in May 2023, which was issued by Minister Watt—your predecessor, Minister—and Minister Rowland that said that the system would be ready by the end of 2024. We now know it's not ready. Is there a reason for the delay?

Senator McAllister: I might get officials to talk through some of the process that's been necessary to establish this. It's a technically complex infrastructure project and it's commercially complex as well. But I do want to make a couple of points about the transition arrangements that were always envisaged. We had always imagined, for example, that Emergency Alert, which is the existing messaging system, would be the primary messaging system that was used in the current high-risk weather season.

One of the things that we need to manage as we move through this project is the transition from one to the other, and we're going to take quite a cautious approach about that, as you can imagine, because the existing system has many strengths. We think it can be better, which is why we are investing in the National Messaging System, but it's very important that that transition occurs smoothly. Emergency Alert has been used for this high-risk weather season. The department can correct me if I have this number wrong, but I think something in the order of 4½ million messages were received, for example, by people in South-East Queensland and northern New South Wales through the ex-Tropical Cyclone Alfred event. It continues to be a service that is very important.

I'll add this, if you'll indulge me, Senator: from an emergency management perspective, one of the things we do wish to continue to emphasise to communities—and you can be of assistance with this as well—is that we ask people to have multiple sources of information. There is no communication system that is fail-safe, so we ask people to look to opportunities to access a battery operated radio, to listen to broadcasters, to access information on the web and through apps and also to observe that they may receive text messages. And it's really important that we continue to talk to communities about having different sources of information, because we can't be certain that people will have access to all communication platforms at all times in an emergency situation.

Senator DAVEY: I couldn't agree more, especially when I'm driving out there—now that they've shut down 3G, my phone doesn't work very well at all when I'm driving out there! Obviously, there were high hopes that the system would be up and running by the end of 2024. It's not. Can you explain it? It's obviously complex. Have there been unexpected difficulties?

Mr Chisholm: Yes. The minister very comprehensively outlined the objectives of the NMS in the context of that broader ecosystem of existing emergency alert services that are already in place and that were used extensively in the recent cyclone event in South-East Queensland and north-east New South Wales. The NMS is being designed to complement that system and to provide a more instantaneous capacity to deliver messages during natural disasters and emergencies by using a cell broadcast system.

Developing the NMS has required us to negotiate with a number of parties. We are developing it jointly with NEMA. The department is entering into contracts with the three cell broadcast entities—Telstra, Optus and TPG—and NEMA is responsible for the CBE component of the project. As a result, the technical specifications, the negotiations with those parties and ensuring that taxpayers are going to receive value for money were critical in our minds, as well as reassessments of the cost that would be involved based on the evolving nature of the technology. There was the need to consider the input of a technical evaluation committee that the government has in place that involves ensuring that value for money is being met. So we had to meet those requirements.

I'm very happy to say that we are into the build phase of the project now, and we're very confident that progress is being made. It is of course something that we and our colleagues in NEMA are working very closely together on. We have oversight committees and arrangements. We're also working with states and territories, and that's going well. So, yes, ideally we would have liked to have it up and running by the end of 2024, but those requirements to ensure we have both value for money and technical specifications met were our primary considerations. We also want to make sure that, when it's ready, it has been tested comprehensively and works.

The last thing we want to see rolled out is a new system that has glitches or problems, given the heavy reliance that is going to be placed on it.

I'll just pause there and check if Ms La Rance or Ms Robertson want to add to what I've said.

Ms La Rance: I'll just add a couple of things. We're into the 54-week build program. That's both for the CBE, which, as Mr Chisholm said, is the enterprise that will send out all of the messages, and for the three CBCs, which are the cell broadcasting centres in each of the mobile network operators.

The other thing that evolved, I guess, since this was first proposed in 2021-22, was the need to make sure not only that the system could send out Commonwealth-level messages but also that it would work well and integrate with state systems. So there has been consultation with states on building a system that will be able to work well for national-level messaging but that can also be targeted to a very small geographical area to send out messages.

Senator DAVEY: For when there's a bushfire in one state, rather than a tropical cyclone hitting multiple states?

Mr Chisholm: Yes. It can be broadcast nationally or to a football stadium or a shopping centre. It's a real step change in emergency communications.

Ms La Rance: I think it can be brought down to an eight-kilometre radius, but we'll double-check that. It's very small.

Senator DAVEY: So the build phase is 54 weeks.

Ms La Rance: That's right.

Senator DAVEY: Then it will go into the testing phase.

Ms La Rance: That's right.

Senator DAVEY: What time are we expecting it to be operational?

Ms La Rance: I'm just making sure I've got my financial years right because I have budget years in my head as well.

Senator DAVEY: I get it.

Ms La Rance: In 2025-26, we're building. In 2026-27, we're testing and starting to use. Then in 2027-28 we will be moving towards full reliance on that system.

CHAIR: Senator Darmanin.

Senator DARMANIN: I just have a couple of quick follow-ups on STAND. You have answered some of my questions about that already, but I wondered if you could talk about what examples of STAND were being used during the Cyclone Alfred situation to provide connectivity solutions.

Mr Chisholm: I'll just confirm what you're saying. There have already been installed over 1,000 Sky Muster satellite collections under the program, and that does include locations in South-East Queensland and northern New South Wales. I'll just pause and check if my colleagues want to add to examples of that.

Ms Robertson: Sure. For Tropical Cyclone Alfred, we're definitely aware that the STAND sites used at Mount Tamborine were definitely in use. We also know that because NBN Co had also sent up supplementary services as well, including the Sky Muster truck and satellite kits, because that community had been disconnected for some time. We know that the satellite services using STAND had worked very well in that location. We're also aware of other locations as well; however, we don't usually get a report about those locations from our department, but if that is something that you would like we can take it on notice.

Senator DARMANIN: I think that is okay. You talked about there being 500 additional sites, and you also talked about the process about how you were going to determine where those sites would be, including the risk assessments and consultations. But when do you expect these new sites to become operational? How long do you expect the process to take?

Ms La Rance: In the funding profile in the Mid-Year Economic and Fiscal Outlook which Ms Robertson pointed to, that funding will start in 2024-25. We'd be aiming to have program guidelines finalised by 30 June this year, and the rollout of the sites will be into the next financial year, so 2025-26. Then it continues out over the forward estimate years.

Senator DARMANIN: Thank you.

CHAIR: We'll go to Senator Blyth.

Senator BLYTH: My question is around the news media assistance program that was announced in December last year.

Mr Chisholm: News MAP.

Senator BLYTH: Yes. I understand this was a \$153.5 million commitment that's going to provide support to local and community media. There were a series of measures committed to under the program. Are you able to share where it's up to in terms of what's being rolled out?

Mr Chisholm: Just broadly, there is a range of programs and supports that sit with the News MAP framework. It includes a policy framework, additional funding for the ABC, a new expert advisory panel, money for AAP and grants programs in relation to sustainability and regional news, that sort of thing. Which part are you particularly interested in?

Senator BLYTH: This may segue, and I know that there was a broadcasting sector sustainability review that was released on 5 March. If that falls under the program, which I'm assuming it might—

Mr Chisholm: It's a separate—

Senator BLYTH: The grants program.

Ms Gannon: You might be talking about two different things.

Senator BLYTH: They are two different things? I just thought I'd check. We'll start with MAP first and then, essentially, look at where the grants of that particular program are up to.

Ms Gannon: On 16 December, the government announced the News MAP package. As Mr Chisholm said, there are many parts there that work together as a comprehensive package. There was a policy framework that was released on 16 December. That's out, and that will inform implementation of the package as a whole. The government announced there'll be an advisory panel to inform the design and delivery of grants under the program, and the department is providing advice to the government on the final details of what that expert panel might look like. There will be further announcements from government on that and further decisions. The government committed to \$33 million over three years from 2025-26 for the Australian Associated Press. That will be implemented through grant agreements. There is \$116.7 million over four years; the bulk of that money is over the three years commencing 2025-26. Of that \$116.7 million, \$99.1 million goes to grants to support and build sustainability and capacity of news organisations, and \$16.6 million is for the department. Most of that is grants hub administrative costs, and those grant opportunities are currently being designed by the department. As I said, the money flows from the start of the next financial year, so we're doing preparatory work for then.

The government also announced that the department will do work to establish Australia's first national media literacy strategy, and the department has been funded from 2025-26 for three years to undertake that work. Again, we're doing preparatory work so that we can hit the ground running on 1 July. There was money announced for a news media relief program. That was announced in MYEFO, but it was actually announced as a decision taken since budget. So it was the paperwork catching up in the budget papers for a grants program that is currently underway and closes on Monday.

As part of the News MAP, the government also announced funding for the ABC for support of the operation of TV, radio and digital media services. There is funding for SBS for a business case for a standalone Western Sydney production hub and incubator, which we discussed at the last estimates. SBS will be undertaking the work there. There is funding for community broadcasting, including \$3 million for community TV. That funding is also from 2025-26 and will be delivered through grant agreements, largely with the Community Broadcasting Foundation. There's also some money for the Indigenous Broadcasting and Media Program, which the National Indigenous Australians Agency leads, so it's funding for the NIAA.

The government also announced a one-year suspension of the commercial broadcasting tax, and the instruments for that suspension have been done and are in place. There was a further announcement around regional newspaper advertising, which the Department of Finance will administer, so the next steps on that are really a matter for the Department of Finance.

Finally, there is a measure in there for the ATO to administer the news bargaining incentive, and that's really a matter for the Treasury and for the ATO, but that was funding for the ATO to administer a tax and revenue measure, which was announced as part of News MAP as well.

Senator BLYTH: Setting up and getting prepared—have the program guidelines for each of the measures been finalised yet, or are you still in that block of work?

Ms Gannon: We are developing grant guidelines. In particular, for the grants for industry—which, I'm sure, will be eagerly awaited—we're working on those at the moment.

Senator BLYTH: When do you expect the funding to start rolling out?

Ms Gannon: The funding will be available from 1 July 2025 because that money is available for that financial year. As to when the grants program themselves will run, it would be sometime—

Senator BLYTH: Prior?

Ms Gannon: after that. So we probably wouldn't put out the grants guideline until after 1 July, when the money is available through the budget. As to the particular timing of when those guidelines will go out, I don't have an answer for you at the moment.

Senator BLYTH: Thank you.

Senator CADELL: Just on that thought, a lot of these regional—they're hanging on this. Can there be any undertaking or certainty that it won't be dragged out for a long time? A lot of these places are gagging for it; that's the best way I can say that.

Ms Gannon: I'll hand to Ms Charles. There is currently a news media relief program—

Senator CADELL: I accept that you can't pay the money out until you've got it.

Mr Chisholm: We've got other assistance available.

Ms Gannon: There is other assistance available.

Ms Charles: As Ms Gannon said, we are working through the \$99.1 million for grant funds starting from next financial year. We're working through those guidelines now. We are in the process of looking at what they might look like. We're basing it on an existing program or we're looking at the existing program, which is the News Media Relief Program, that's currently in play. It's \$15 million that's available now for news outlets. That closes on Monday. We've had a good level of applications to that program, and we expect that we will complete our commitment to the program.

That program particularly targeted regional local suburban newspapers in CALD and First Nations communities. We will use that as a bit of a benchmark in programs going forward and the learnings coming out of that. We do expect that we will roll out those programs in the new financial year. The timing, as Ms Gannon said, is yet to be determined, but we're hopeful that we will be able to move that along fairly quickly. We understand the sector is under stress, and we're going to try to address that through a number of measures that we've got in this News MAP.

Senator DAVEY: I've just got one remaining question. Mr Betts, you addressed in your opening statement that there have been a very large number of questions on notice and that you've done your best to answer them all. Specifically on question on notice 308, when last I checked it had not been answered. Forgive me if you have since answered it.

Senator CADELL: I think that was at 7.45 am!

Senator DAVEY: The question was specifically:

Was the National Messaging System subject to a public tender? Please provide details.

And, if so:

At what cost?

Mr Betts: Lisa, do you want to answer that now? We'll do it now.

Senator DAVEY: If you can answer it now, that'd be great! That's one less answer you have to provide on notice.

Mr Chisholm: One thing to be aware of is that the NMS is, of its very nature, going to depend upon the participation of the three major telecommunications companies. The team will correct me if I'm wrong—there are other subcontracting arrangements that come into play as part of it as well, given that the expertise doesn't sit entirely with the MNOs. I'll pause here and make sure we get those facts right for you.

Ms La Rance: As Mr Chisholm said, we entered into four contracts across February and March, so it's fairly recently finalised. The total value of those contracts is \$67.64 million dollars. That is for building the CBE—that enterprise for messaging—and for the three CBCs that are entering into it.

Senator DAVEY: So the build phase that we've talked about has been contracted and that's \$67.64 million. Was that contract awarded via a tender process?

Ms La Rance: Yes, it was. If I may clarify, that's for the build and the first year of running for those three CBCs. The process was a request for tender that went out to the market in—was it 2021? I'll just double-check the date of that for you. I'm pretty sure it was 2021. We then went through a process of clarifying how you would build it. So, as Mr Chisholm said, those contract negotiations were really complex, and we had a technical adviser

work alongside us to make sure that the technical solution was going to work in practice and, as I said, integrate with state systems, and that it represented value for money for the Commonwealth.

Senator DAVEY: I'm happy for—

Senator BILYK: Can I just clarify something?

CHAIR: Yes, sure.

Senator BILYK: Senator Cadell, did I hear you right? Are you supporting News MAP?

Senator CADELL: I didn't ask any questions on News MAP.

Senator BILYK: I thought you were supporting it. Oh, sorry, Senator Blyth. I do have a hearing impairment, but that's not really an excuse for that!

Senator BLYTH: So I sounded extramasculine today!

Senator BILYK: I heard the important bit. I wasn't looking.

Senator CADELL: I was using my falsetto! Yes, that was Senator Blyth.

Senator BILYK: Is that right?

Senator BLYTH: No, we were just asking questions on where it's up to, because I think the news and media—

Senator BILYK: It sounded like you supported it.

Senator BLYTH: No, I wouldn't infer anything from the—

Senator BILYK: I'd like to think so, because then Mr Dutton won't cut it.

Senator CADELL: All good.

CHAIR: Right. Who's next? Senator Cadell.

Senator CADELL: Can I go to the Mobile Black Spot Program and linking it with the Better Connectivity Plan for Regional and Rural Australia. There'll be a bit of crossover here, I'm sure.

Senator DAVEY: Can you start by turning 3G back on!

CHAIR: Going back in time—it's your favourite place, Perin!

Senator DAVEY: I am a fan of *Doctor Who*—just saying!

CHAIR: Bigger on the inside?

Mr Chisholm: Which doctor, though, Senator?

Senator DAVEY: No. 3. I can't go past No. 3.

Senator CADELL: From the portfolio budget statement, on page 67, clearly the Mobile Black Spot Program—\$54 million this financial year—is going to zero in 2027-28 on the forwards. I see that with some dismay because we like to see a certain amount going out there for black spots. I think previously when I've asked this question, you go, 'We've got the Better Connectivity Plan for Regional and Rural Australia, and that replaces it.' But, if you look at the same dates, we go from \$210 million this financial year to basically under a quarter of that in four years time. So I'm really concerned about the investment. You can't say, 'We're replacing it with something,' when that's diminishing. In fact, the number in the 2027-28 forwards is less than the black spot program by itself this year. What are we going to do for regional people? Are we thinking that the universal obligation is going to replace this? What's the process?

Mr Chisholm: No. The universal obligation won't replace this. It's a different program.

Senator CADELL: Great first answer. Lovely.

Mr Chisholm: We will step through very carefully the budget treatment of the figures, but I can confirm for you at the outset that funding for the Mobile Black Spot Program has not disappeared. There has been some misunderstanding in that respect. And, of course, there has been no reduction in funding and no change in the overall allocation in the better connectivity plan. We'll step through that very carefully with you, but I think it's probably been made a bit confusing by some reporting that is not accurate.

Senator CADELL: Your portfolio plan is where I got the numbers.

Mr Chisholm: No, we can explain it.

Senator CADELL: Well, let's go through it. I'm all ears.

Mr Grunhard: As we've discussed in previous estimates sessions, the mobile black spot funding has transitioned from that line—which, as you noted, is terminating in the papers—to being funded under the better

connectivity plan. Rounds 1 to 6 of the Mobile Black Spot Program are what appear in that named budget line, 'Mobile Black Spot Program'. Rounds 7 and 8—as you know, round 7 was recently run, and in fact round 8 is out for applications right now—are funded through the better connectivity plan. So the Mobile Black Spot Program is alive and well. Our applications for round 8 close on 30 April, so they're in the field right now and we're taking applications. I would expect those to be awarded later this year after we've assessed those applications. So the program is certainly going on. I think you also asked about funding under the Better—

Senator CADELL: That's what really concerned me. When the answers are, 'We're transferring to this program,' and that program is also diminishing on your line, that is a real concern for me.

Mr Grunhard: Sure. As for the Better Connectivity Plan itself, you'll recall that \$656 million was announced for a range of programs under the banner of that plan. I can assure you all of that funding remains available and is allocated to regional connectivity. Obviously, you're seeing over the forward estimates there that funding is phased to match contracted milestones for the various projects under the program. It's standard practice that we would phase the funding to make sure it matches the milestones where we've contracted delivery with the grantees for many of those programs. It's a complex process because there are many programs and, under each program, there are many grantees, so you do see us making adjustments at each budget to match those contracted milestones as is standard practice. But all the funding remains there; the \$656 million remains committed to regional connectivity. I can go through more detail on the numbers in the budget if you would like, but that's the high-level answer.

Senator CADELL: I wouldn't mind that, because the number as I add it up in my head right now is about \$550 million, so there's about \$100 million not there. It's still there somewhere; it's just not listed. Is that right?

Mr Grunhard: If you add the figures you see across the years in the budget paper under the Better Connectivity Plan line, you get \$501.4 million. That's what they total to. There's a reason for that, and it really is just the technical nature of the way that budget papers are presented.

Senator CADELL: That's fine.

Mr Grunhard: There are three other components that are not appearing there, which is why you only get \$501 million instead of \$656 million. The three components are as follows: for component 1, \$72 million was already expended in 2022-23 and 2023-24, so that's now dropped off—

Senator CADELL: It's gone.

Mr Grunhard: from the budget papers and you don't see it there anymore; for component 2, a further \$17 million is profiled for 2029-30, so, again, you don't see that in the budget papers but it is there in the out years; and, for component 3, \$74.8 million has been transferred to other budget lines in order to achieve the outcomes of the program. Again, this is just the technical nature of the budget papers. For example, \$50 million was transferred to the Treasury for payments to the states and territories for the Regional Roads Australia Mobile Program pilots.

Senator CADELL: Where we piggy-back on that—yes.

Mr Grunhard: The only way that can be paid to states and territories is for it to be transferred out of that budget line over to the Treasury to be transferred to the states and territories. So there are movements like that because they can't remain in certain budget lines for budgetary technical reasons, but all the money is still allocated to regional connectivity.

Senator McAllister: The additional point we would make in relation to support for regional communities is that this is one of a number of investments and initiatives that are significant for communities. You mentioned the Universal Outdoor Mobile Obligation. It doesn't replace these investments; it's additive to them, but it is really important. The other thing I would point to is the \$1.6 billion in funding that's estimated to flow into regional communities as part of that equity contribution to the NBN for that additional fibre work in regional communities.

Senator CADELL: You won't catch me arguing against investment in the regions. That's why I was concerned by that profile decreasing going forward. In always sticking our hands out for more money, for rounds 1 through 6, a number of them—probably not in round 1 anymore—were frustrated for one reason or another. Where is that money going? Can that be transferred back into the profile?

Ms Pidgeon: The money actually remains tied up in our grant agreements with the grantees until the point that we actually finish the particular rounds and we do a reconciliation counting process with each grantee for their grant for that program, so that money will actually be realised back through savings which remain in the appropriation line or a return to a consolidated revenue.

Senator CADELL: So rounds 1 to 6 can't be transferred back in to increase the profile going forward?

Ms Pidgeon: That'll be a decision of government. The way those grant agreements are set up is we hit milestone based payments, so we make our mobilisation payment initially. We then have milestones based on when you achieve particular planning outcomes, which then help you all the way through to your, what we call, capital completion or asset completion reports. That's another milestone payment. At the end, we have a final payment which is intended to kind of balance out the items so that we're not overpaying for things that made it through a bit of it but didn't actually make it all the way through or were removed during the program. So the final payment allows us to make an adjustment. It's usually around five or 10 per cent of the entire value of the grant. What it means is we're not paying the money to the grantee and then they have to pay it back. Usually we can use the final one as a balancing item. If we had paid the money and we were then having it paid back—

Senator CADELL: There would be no guarantees that you'd get it back.

Ms Pidgeon: It would immediately go into consolidated revenue. As it is, because we have a final payment, if we owed you, say, \$6 million but, through the reconciliation process, we work it out and it only needs to be \$2 million or \$3 million, then the \$3 million or \$4 million would still be in the appropriation, and then that would be funding that government would make a decision on what to do with.

Senator CADELL: Of one through six, how many have been finalised and reconciled?

Mr Grunhard: We do have those figures, Senator, if you'll just give us a moment.

Ms Pidgeon: Under rounds 1 to 6, so far, 1,164 have been completed to December.

Senator CADELL: Yes, but how many rounds have you've reconciled? Then see how much money you've—

Mr Grunhard: Oh, rounds.

Ms Pidgeon: There are none at this point. As you know—and there has been, I think, attention on this in the past—there have been extensions of time where we have had to extend them because the only alternative is to actually frustrate all of the remaining projects—

Senator CADELL: That's correct.

Ms Pidgeon: which isn't a great outcome.

Senator CADELL: It's not an optimal project.

Ms Pidgeon: Round 1 has been completed. The last of the projects has been delivered, and we're now moving into the reconciliation of that. And it's the same for round 3—the last delivery has happened, and we'll move into the reconciliation of those projects.

Senator CADELL: One and three are out, but two isn't. Is round 2 taking longer?

Ms Pidgeon: Yes. There are still some remaining under round 2.

Senator CADELL: So 1,164 have been completed—you said those were not rounds but projects. How many have been frustrated? Have you got a total number of frustrations?

Ms Pidgeon: So far, 68 have been frustrated and removed from the program. The program also had a mechanism through the earlier rounds where a site was frustrated to allow the grantees to put forward a replacement site—to say, 'We couldn't build this, so here's something in a similar sort of area.' We would then assess that and put a brief to a minister to make a decision. Of those, 61 original sites that have been frustrated have been replaced with alternative sites instead. So the existing money is applied to a new site instead.

Senator CADELL: So 68 and 61—they're different. There are 68 out, but 61 with replacements.

Ms Pidgeon: There are 68, but 61 frustrated—but new sites have been built.

Senator CADELL: On notice, could I get a list of those by round and location?

Ms Pidgeon: Yes. I can actually probably read them out for you if you want.

Mr Grunhard: It could take a while. Let's take it on notice.

Senator CADELL: I'm happy for you to take that on notice.

Ms Pidgeon: We'll get them to you on notice. Thank you.

Senator CADELL: Do they give reasons for frustration?

Ms Pidgeon: Yes, they do.

Senator CADELL: Can I get the reasons on those as well?

Ms Pidgeon: Yes, certainly. In large part, they're to do with land acquisition and planning. It's identifying suitable land for a site, because, when an applicant makes an application to this program, it can't be a project they're already planning to do. It has to be something that is additional to their capital works program. So what

that means is they're starting, really, from a desktop based assessment of where they think these outcomes should be.

Once they get an approval from government and they're awarded funding, they then have to actually start doing the planning work on ground, talking to communities and looking in more detail into where they can actually acquire a suitable site that will provide the metrics that they're seeking to achieve from that site. That's actually a really difficult process. I think, in Carwoola, for example, under round 3 of the Mobile Black Spot Program, the site was frustrated. I understand Telstra tried 25 different sites and none of them were viable, either in relation to the suitability of the site, where it was or from the dealings with the landowners. The landowners may be the commercial negotiations to do with it.

Then you also have planning approvals. Killcare has now been frustrated under round 3. Telstra had funding to build it on an Optus site. Optus has been going through the planning system with the Central Coast Council. I think we're into the seventh year, and it's not been successful yet. So the original site where Telstra was funded to build in relation to that tower has been frustrated. It gets to a certain point where it's reasonable for the grantees to essentially give up trying to develop these things because the costings they also put in for many years before no longer represent the market value. We find that that's one of the challenges going through. We also get power delays. Something can be delayed for quite a substantial period of time before you can get a power connection to a site. So there are a range of reasons, but, in large part, the main ones are land, land access and planning.

CHAIR: Senator Darmanin has a couple of questions, but you keep going.

Senator CADELL: I'll just ask one more on this. This is not a question I've written down, but you've piqued my interest. Is there a profile for how far into the round there is a peak for frustration? With best intentions when they start, is it a year, two years or seven years for peak? When do they start to find the problems that might lead to frustration? Were you looking at that process?

Ms Pidgeon: I don't think we've mapped the timings for when a frustration occurs. We could; we have that data on hand. The telcos do make extensive efforts to try and deliver sites. The government has provided extensions to each of those rounds to date to allow telcos to really give it the best effort of delivering new sites. I think the longest site we've had is probably about seven or eight years because of the frustrations that we see, replacement sites, and then you reset the clock on the planning and start again, so these can be really long-running. I think the median site delivery is about three years, but then you get a real tail. So what you've seen and part of Mr Grunhard was talking about in the profiles is that we have updated the profiles for MBSP round 8, for the Regional Roads Australia Mobile Program and for the Peri-Urban Mobile Program round 2 to look at a five-year funding profile for delivery, which actually better represents how long it's taking industry to deliver those. So what you'll see is hopefully less of those movements of funds routinely, because the profile will be better matched to actually what the experience is.

Senator CADELL: Thank you very much.

CHAIR: Senator Darmanin.

Senator DARMANIN: I just want to go back to the universal outdoor mobile obligation. You've talked a little about the funding of it, but, just in terms of the opportunities, what would have been effective if the UOMO was in place during the recent Queensland and New South Wales storm events in keeping impacted communities connected? Could you talk a bit about that and perhaps whether you think it would have proved to be more effective than portable generators?

Senator McAllister: I might kick off and then ask officials to talk a little bit about the technology. Obviously I was very concerned about the communications outages in South-East Queensland and northern New South Wales, and that experience is consistent with a number of different experiences we've had in recent years in significant natural disasters where there are some vulnerabilities in the mobile network at the moment that do make it difficult for people to stay connected. That, I should clarify, is not a consequence of emergency alert or national messaging system or any of the other platforms or tools; it is simply a consequence of the network itself. It is vulnerable to high winds, and it's vulnerable to power outages in particular, and then that does cause challenges for communities.

We've made a series of public investments as a government to try and strengthen the resilience of that network, and we'll continue to do that, but there are opportunities to improve access to telecommunications. We've talked a little bit about the investments we plan to make in evacuation centres, but the universal outdoor mobile obligation will be a really significant step up from that. What we hope it will mean is that, wherever people are, they will have access to satellite technology in some measure if they're outdoors. As Senator Davey and I discussed in our earlier exchange, redundancy and alternatives are a really important feature of how we plan for resilience in

natural disasters in particular. We want people to have access to different sources and channels of information. Equally, even as we do the work with the telecommunications providers to strengthen the mobile network, the satellite based options provide a really powerful alternative pathway for people to gain signal and to gain access, and that could be incredibly important in emergency situations. We have got some evidence that that direct-to-device technology was important in the LA wildfires. There were people who were able to access signal during that event. We think it's one of the reasons why the universal outdoor mobile obligation will be really important for Australians in the years to come. I will ask the officials who are leading that project to talk a little bit more about the implementation arrangements and the technologies at hand.

Mr Chisholm: I think the minister has covered the main issues comprehensively. It is a safety net; it will be a safety net to complement existing services, including fixed voice services, but, fundamentally, the UOMO is focused on ensuring that people have access to 000, particularly during times of emergency. As the minister said, that was seen as a good case study in relation to the recent LA fires. I think at the last estimates we ran through some of those figures and the significance of that. For example, a week after the direct-to-device service was turned on in response to the LA fires, Starlink reported that over 120,000 texts had been sent and received. That enabled people to communicate at a time when the existing terrestrial network was disrupted by those events.

You would have seen one of the challenges in this system is the building of redundancy for networks and for base stations during natural disasters. Batteries and generators have limitations in terms of the amount of time they can run. You also have the challenge that you need to be able to access those sites, and the telecommunications companies sending workers to those sites when it's dangerous or simply inaccessible can be really difficult. A lot of the evidence now points to the significant value that the LEOsat technology will provide to ensure that we can overcome those limitations, as the minister said, particularly in locations where they would otherwise not have that access now. That's fundamentally what it's about.

We are consulting with industry and developing the framework, and we'll be developing legislation to bring the Universal Outdoor Mobile Obligation into effect. The contacts we've had with industry, including operators of LEOsats, have been really positive. The message we've received is that they are really pleased to see that the government is stepping into the space and providing a clear signal that this technology will play a critical role in emergency services.

This is a good example of where we do not want the technology to get away from good regulatory frameworks. We want to ensure equitable and appropriate access, making sure that's part of the resilience and related frameworks for emergency management and connectivity. We will continue to do that. The government intends to bring forward legislation this year with the obligation to take effect in late 2027. That will allow enough time for consultation and development of the framework, and, broadly, industry is targeting the availability of D2D messaging in 2025, followed by voice from 2026 onwards. We see that working in a complementary way.

Senator DARMANIN: It has been raised with me by the community in the Dandenong and Yara ranges about the concerns around access to mobile phone towers and the lack of availability to power generators beyond a couple of days during the bushfires a few years ago. This sounds very promising in terms of increasing that access. Do you have an estimate of what the costs would be to provide the other alternative—powering generators—to be able to do that? They're everywhere. There are permanent, and then there are portable. What are the cost estimates to provide generators to other high-risk areas around natural disasters in some of those places like the Yara and Dandenong ranges or other parts of Australia in comparison? Have you done that work?

Mr Chisholm: I will just check with officials, but I would say in a broad sense it's very expensive. Providing redundancy to locations is quite expensive. The government already provides a large amount of investment to redundancy under a range of programs. As for detailed cost comparisons, we haven't really done that. We can talk about the cost of the programs the government runs to support that at the moment to help industry with the backup capacity that it's developed. We are working through the costing arrangements in relation to UOMO, but comparing them would be difficult at this stage other than to say that it is very expensive to build that redundancy now. The industry does do it, but some of it was with government assistance. To provide it everywhere would be—and I will be corrected if I'm wrong, here—cost prohibitive compared to something like UOMO.

Senator DARMANIN: Great, thank you.

Senator CADELL: Senator Darmanin was talking about the funding for this. I couldn't see any funding profile. There's no funding allocated in this program at all yet, is there? I couldn't find it in the portfolio budget.

Mr Chisholm: No. We're focused at the moment on the regulatory design, and there will be consultations with industry about how government might be able to assist in other ways. As I say, that's something we already do at the moment, but the focus right now is the development of the obligation. The industry is already developing or

entering into arrangements for this sort of thing. One of the things we will be bearing in mind is that, because they are doing that, we want to make sure it's both consistent with the outdoor obligation. They are entering into agreements to launch access to D2D mobile services and supply both over LEOsat. We want to let those processes continue. You will appreciate that in allowing that to happen and then developing the obligation. We don't necessarily just want to put numbers on it right now.

Senator CADELL: No, no, I'm happy with that. I was just looking for something to make sure I didn't miss it when [inaudible]. This was announced last time we were in estimates—the morning of that. I've had a chance to talk to a few people. My initial concern was that there is one provider that will be ready to give full coverage by that deadline on the 27th. Has consultation taken place with the providers on that? Have they expressed concerns about that? A concern expressed by industry, not necessarily a provider, is that there will be predatory pricing because there is an obligation, not a commercial decision, on D2D or anything like this. This is a real concern of industry. And when you look at potential new providers—say, AST SpaceMobile or Amazon and that type of project—they won't have the coverage required by 2027 to do this. What do those consultations look like?

Mr Chisholm: You mentioned AST and the Amazon type of project. There are other competitors emerging, such as LINK, which have an agreement in place with TPG. There are other companies. I like to think of this as being in some ways like the evolution of electric vehicles. For a long time, there was one provider dominating that market. It's now a proliferation of suppliers, and it's a—

Senator CADELL: But they're saying themselves that it won't be by 2027.

Mr Chisholm: Yes, but I think the key thing is that the technology always goes faster than we anticipate. We're confident that that will be happening here. We've heard from those competitors that this signal from government encourages them to continue their investment to come into this market, because it will be there. The obligation will be there. Absent this policy signal, it would be uncertain. Starlink obviously plays a significant role at the moment, and that's important. We've seen the value that Starlink provides. Many consumers are using Starlink already, as you know, and really enjoy the benefits that it provides. We want to see other providers; we want to see competition. Competition happens when government gets involved and ensures that a framework is being followed.

Senator CADELL: Competition is where my concerns are. I'm not going to say, 'I don't like idea to protect people,' or anything like that. My fear is that, if people have to lock into an obligation early enough to be able to meet the obligation, the new startups and these guys will actually be locked out and have less incentive because the contracts are already done with a single provider. Will the ACCC have a role going forward in the consultations that you plan? Are we already talking to these guys?

Ms La Rance: We have commenced consultation. We've met with all of the mobile network operators. We've been talking to the ACCC and the Australian Communications and Media Authority. There's a couple of things there. There's the legislative framework and the regulatory framework to make sure that we've got things in place. The thing that I will say is that the intention of an early announcement was to signal to the market that we're serious and ready to make that universal commitment, and the indications so far are that it has broadened out the interest and we are seeing more providers coming to talk about what their offering can be in Australia. As Mr Chisholm said, it's still early in the technology, but, even in the short time since we were here last time, there has been a significant shift in terms of readiness and people interested, or numbers of LEOsat providers interested in the market.

Senator CADELL: There was a question on notice, that was answered, asked by Senator Hanson-Young: SQ-25—lots of zeroes—55, that Minister Rowland met with SpaceX on 25 February, on the day of the announcement. Were departmental officers at that meeting?

Ms La Rance: That was a phone call.

Mr Chisholm: I understand that was a phone call—

Senator CADELL: It was a phone call was it?

Mr Chisholm: Yes.

Senator CADELL: So it wasn't a meeting; it was a phone call.

Mr Chisholm: We've provided evidence previously that we have met with Starlink. That is part of the LEOsat working group that I chair, which Starlink participates in, as do other suppliers, and we engaged with them in relation to information that they've provided us—a presentation that they provided about what they did during the LA fires. So yes.

Ms La Rance: As we spoke of last time, Starlink is involved in the LEOsat working group and—it's in our question on notice—they've attended six of those seven meetings and we've met with them on two occasions and the minister's office has spoken to them.

Senator McAllister: There are at least two limbs to the thinking about the policy settings here. One is making sure that, as the technology rolls out, it is rolled out in a way that is equitable and meets our historic commitments as a country to providing equitable access to telecommunications, irrespective of geography. So we're concerned to make sure that the policy settings support that objective, which has been a really important part of our history, but the market settings and the competition piece are equally significant. Minister Rowland has been very clear, publicly, that promoting competition and ensuring that the market arrangements that are established are supportive of competition is an explicit objective of the minister in her public statements about this, and I think you can hear, in the way that Ms La Rance describes the consultation work that's underway, that thinking about the way we interact with all those market participants is a core part of the policy design process.

Senator CADELL: My internal conflict is on the benefit of the technology versus the—because, in my conversations with stakeholders since this, they're sort of saying 28, if they push things. They would be more comfortable with 29, but 28 is where—and, from that market perspective, I know that Amazon's Kuiper project sits 35 or 50 per cent higher in orbit than the Starlink. So that's less coverage required to get the same sort of, if slightly slower, band, but not important at these sorts of levels, so that market access on competitive pricing and everything might change. And AST is a different technology again. So we're looking at different things that might be available if we went a little bit longer. That's just where my head's at.

Senator McAllister: As I think Mr Chisholm indicated to you, one of the dimensions of establishing the obligation is generating essentially a known demand for our particular part of the global telecommunications market. That is one of the tools that is available to government as we set about designing the regulatory arrangements to meet our social objectives but also our market competition objectives.

Senator CADELL: It gives us another option with our two satellites needing replacement, too, if we do this right and get command of this stuff. Yes. I'm supportive of that.

Senator DARMANIN: Can I ask one question? Is that okay?

Senator CADELL: Yes.

Senator DARMANIN: I hear what the minister just said about competition and the signals to the market around investing to boost that interest and investment. Can the department talk a bit about how the sector is evolving to meet that competitive objective and what you are seeing so far and what you expect to diversify in, rather than putting eggs into one provider? There has always been a message that I hear which is not one provider but many providers, or seeking to engage many. Can you talk about what you're seeing?

Ms La Rance: We're happy to. As we said in evidence last time, both Telstra and TPG have already announced some movement in direct-to-device arrangements. As Mr Chisholm said, we're looking to supplement rather than replace existing commercial offerings. What we are seeing is interest from other players coming into the market, and Mr Chisholm has talked about Link and AST and Amazon's Project Kuiper. We are looking at what is happening in other countries, and we are seeing the timeframe start to move forward. I'll ask my colleague to talk more about what is happening to some of those players in other markets that is relevant to the possibility of depth in the Australian market.

Ms Sparreboom: We have been looking internationally, and one of the latest developments has been a recent announcement in New Zealand where one of the network providers there, 2degrees, has announced a partnership with AST SpaceMobile to provide direct-to-device services starting from 2026. Just recently the UK's telecommunications regulator Ofcom also announced that they were looking into the regulatory frameworks to support direct-to-device services for the UK.

Senator CADELL: I want to move on to regional broadband. The Regional Broadband Scheme included a concession period when we first started. When does that concession period end? I think it was five years.

Ms Power: I'm just checking because there's a year-in-arrears element to the scheme. I want to make sure I give you the correct year. You are correct that it applied for the first five years of the scheme. The answer is yes: it's the first five years of the scheme, and they conclude at the end of this financial year, having started in May five years ago. We're reaching that stage. But because of that year-in-arrears nature of the agreement, the impact of any concessions rolling off will not be felt as of May this year; it will be a following year in arrears.

Senator CADELL: Understood. Where does the money from that go? Does it go directly to the NBN? Does it go to department's consolidated revenue? Where does it go?

Ms Power: The majority of the funds for the Regional Broadband Scheme are contributed by NBN Co. There is an offset arrangement—they pay about 95 per cent of it, which is offset, and then the balance between NBN Co.'s contribution and that received from other entities is returned to NBN Co. We have a contract with NBN Co. under which that is provided, and that goes to offset their past and future losses associated with operating both the satellite network and the fixed wireless network.

Senator CADELL: Okay. There was a review of the RBS some time ago.

Ms Power: Yes.

Senator CADELL: Has the government given a response to that review yet?

Ms Power: No, it has not. That process is ongoing. It was at the same time that we commenced consultation on the universal services framework, so it's very much been seen as a parallel process. As you're aware, some initial decisions around the pathway for universal service reform have been announced through the Universal Outdoor Mobile Obligation, but the government has indicated that there are further decisions to be made. I guess the operation of the levy arrangements that support those arrangements is being considered as part of the process.

We did, towards the end of last year, put out a summary paper that summarises what came out of that consultation and some broad directions and themes that were coming out of it. Clearly there were views that there was the potential for reform to be contemplated, but we also then had the Regional Telecommunications Review, which made some additional recommendations about universal services reform which would result in some complex interactions with levy arrangements, so we're giving that due consideration.

Senator CADELL: The RBS levy was set at a point in time with a certain technology mix and all that sort of stuff. As that changes, my concern is: is that still the right levy? Is that one of the things we will be looking at going forward?

Ms Power: Yes. There are a number of elements under the legislation. There was actually a role for the ACCC that was baked into the legislation. That also is in the five years—a recosting of that initial work that was initially done within the department. Then it was updated by the ACCC prior to the commencement of the RBS. So they are doing that process at the moment, and it's expected to be completed by mid-May. That will obviously consider what—

Senator CADELL: So very shortly.

Ms Power: Yes, very shortly. The ACCC consulted toward the end of last year on the methodology for that, and it's currently undertaking that work. So they will give advice to the minister, and the minister will then consider whether to alter the amount of the RBS going forward. So that process is playing out now, but obviously that would be a contributing piece of information that will support us to determine the approach going forward.

Senator CADELL: When we talk about things like new technology, LEOsat working groups and other competition for the NBN, which is meant to subsidise the loss making in regional areas in the first instance, are we looking at potentially expanding the scope of the RBS to other systems and other technologies as we go forward?

Ms Power: Certainly one of the pieces of feedback that came through our consultation was that we should be moving to a technology-agnostic approach.

Senator CADELL: Agnostic, yes.

Ms Power: So I think that's very much what we're grappling with—how best to do that. There has been some change to the market since both the Regional Broadband Scheme and universal service arrangements were first established, and we have two levy arrangements that operate in this space. So I think we're very much considering what's the best way to do that and providing advice to government for further consideration.

Senator CADELL: This is a brain bubble. When my Starlink payment comes out, one or two days later I get charged a foreign transaction fee. What control do we have on something like that when I'm paying a US entity that I never knew about for that? Would that have implications? Have you looked at it?

Mr Chisholm: Senator, there's a—

Senator CADELL: When my Starlink payment comes out—149 bucks—a couple of days later I get charged a foreign transaction fee, which clearly indicates to me that I'm not paying an Australian entity for my Starlink. So what does that do to our regulation ability?

Mr Chisholm: There's probably a bit of an interaction there with financial services regulation that we would have to carefully look at.

Senator CADELL: Yes. I just thought of it while we were talking about being agnostic.

Ms Power: One thing that I can say is that, in terms of who contributes to the levy arrangements, the telecommunications industry levy is really linked to the definition of whether you have a carrier licence in Australia as well as meeting the revenue threshold. So there are a broad range of entities. Someone like Starlink is a carrier for Australian purposes, so they are captured by that process. The Regional Broadband Scheme is only for fixed-line providers currently, so it's about cost, as I already noted.

Senator CADELL: Yes, that's right, because we're looking to be agnostic.

Ms Power: Obviously, they're not contributing to that for the purpose of that process, but they are captured by the telecommunications industry levy, subject to meeting the revenue and other processes that the ACMA considers on an annual basis to see whether somebody meets the relative thresholds. But they are captured by that by virtue of their carrier licence.

Senator CADELL: Okay. I'm happy.

CHAIR: Are there any more from anyone else? Okay. We might break now, then, but let me just tidy up the rest of the agenda so everyone's clear about what's happening after the break. We will release outcome 5 now, so thank you very much for coming along. We really appreciate it. When we return at 8.15, we will have NBN Co, and then we will adjourn. The Department of Infrastructure, Transport, Regional Development, Communications and the Arts outcome 6 is scheduled for next week, so we will see them then. We will also be scheduling Creative Australia for next week. It would be our intention to adjourn this evening by 9.15. On that, we will adjourn for dinner, and I will try not to laugh. We will see everyone at 8.15.

Proceedings suspended from 19:00 to 20:15

NBN Co Limited

CHAIR: I welcome Senator the Hon. Jenny McAllister, Minister for Cities and Minister for Emergency Management, representing the Minister for Communications, and officers from NBN Co, who are appearing today via teleconference. Ms Sweeney, do you have an opening statement?

Ms Sweeney: I do. Thank you, Chair. I do want to recognise you and the committee for accommodating us today via videoconference—our thanks for that. As I provided an update just over a month ago, I'd like to share just a brief business update and overview and also table our response to ex-Tropical Cyclone Alfred. As outlined in our half-year results for financial year 2024-25, NBN remains on track financially. Earlier this month we raised approximately \$750 million in our latest domestic green bond issuance, bringing our total of green bonds in domestic and international markets to \$7.4 billion. That's further demonstrating the investor confidence in NBN.

We are delivering on our important purpose, which, as you know, is to lift Australia's digital capability. We do that by providing fast, reliable and affordable services which aim to meet the current and, really importantly, future needs of Australian households, communities and businesses. The NBN is critical digital infrastructure, and it impacts the lives of Australians daily. More than 20 million Australians used around 48 gigabytes of data in 2024. That was across more than 390,000 kilometres of fibreoptic cable, 345 square kilometres of fixed-wireless footprint and around 7.7 million square kilometres of satellite coverage across mainland Australia, Tasmania and our remote islands.

We continue to enhance our networks with upgrades to ensure people right across Australia gain the benefits of faster speeds, fewer interruptions and more reliability and capacity. We remain on track to complete the upgrades that will enable five million additional homes and businesses to access full fibre by the end of 2025. We're about to embark on upgrading the last 622,000 premises off legacy copper networks. Fibre provides the highest speed and capacity of any technology. It delivers the most consistent experience, is the most efficient network to operate, is the most resilient technology to weather and will position the NBN to meet the customer demand for decades to come.

I'm pleased to report that fibre has now become the prevalent technology in our fixed-line network since last we met. A fibre network means fewer dropouts, fewer faults and fewer truck rolls. It reduces the environmental impact and our operational cost and improves viability and the overall sustainability of the company. Beyond fibre, we are also upgrading the capacities of our HFC network, which now serves around 2.5 million homes and businesses across Australia. We're also pleased to see the ACCC's latest measuring broadband Australia report note that our fixed-wireless upgrades provided average wholesale download speeds for Fixed Wireless Plus plans available on that network of 99.8 megabits per second during all hours in December 2024. That was up from 47.4 megabits in December of 2021.

Nowhere do we see the example of criticality of the NBN and the benefits of fibre more than with the recent ex-Tropical Cyclone Alfred, which impacted Queensland and northern New South Wales. Our biggest risk to the NBN during a natural disaster is the resilience in the commercial power networks. Full-fibre connections have

less reliance on the power grid, so they are less impacted by outages. We see less damage on full-fibre networks following a natural disaster, so service restoration times are shorter, making fibre a more resilient technology. In preparation for the cyclone, we deployed generators to maintain and restore connectivity in the event of power loss, flood impact or network damage. We also safely mobilised satellite trucks, portable satellite kits and field workforce to impacted areas. At the height of the cyclone's impact, approximately 378,000 services experienced an outage, with 2,269 NBN sites affected. Most outages were due to a loss of mains power, with some network damage, including at least 68 fibre-to-the-node sites, and some of our HFC network impacted. We deployed a total of 43 generators, mainly supporting the fixed-wireless towers. During the event, 79 disaster satellite services provided free and high-speed broadband through a wi-fi access point at evacuation centres, community hubs and emergency services facilities, helping displaced residents stay in contact and supporting first responders.

In this context, we welcome the Australian government's announcement this week regarding continued investment for emergency connectivity in regional Australia. This announcement will include funding for up to 500 additional community wi-fi sites, as well as extending these critical services at the 1,068 existing sites across Australia under the Strengthening Telecommunications Against Natural Disasters, STAND, program. Our network provides critical infrastructure to the community, and it's our priority to ensure we're working closely with authorities, electricity distributors and emergency services to respond to events and to minimise network disruption and restore impacted services quickly and, I would say, safely for our teams and our delivery partners.

On 11 March, we announced a cyclone relief fund of up to \$7 million to support eligible retailers in providing financial assistance to affected households and businesses. The impact of the ex-tropical cyclone has reinforced the importance of strong, resilient infrastructure, and our investments in expanding full fibre are critical for a more durable and reliable broadband network. I'd like to extend my sincere thanks to the NBN emergency management team as well as our delivery partners involved in this response.

Finally, we have a strong commitment to an ongoing dialogue with our current and potential customers and with a range of industry stakeholders such as retailers, consumer advocacy groups, governments and regulators. We appreciate the ongoing involvement of our stakeholders in our consultations. Most recently, that was part of NBN's replacement module process under the Special Access Undertaking framework, and we encourage further and ongoing participation as we continue towards the next regulatory cycle. Together in partnership, we can help to expand our connectivity foundations to lift Australia's digital capabilities and meet the current and future needs of households, communities and businesses.

Thank you, Chair, for letting me read out that statement. We are now delighted to take the committee's questions.

CHAIR: Thank you very much. We'll go directly to Senator Davey.

Senator DAVEY: Thank you for appearing tonight. I'll jump straight in. I want to talk about the support during the recent disasters. You've outlined your deployment of portable generators, portable satellite services and the outages. You also talked about the \$7 million in support to the retail operators to assist people in communities impacted. Can you explain what those supports look like?

Ms Sweeney: That's an up to \$7 million relief fund that we are providing to the retail service providers. As you know, as a wholesaler, we rely on the retail service providers to provide that fund through to their customers. That was made available fairly quickly after the Saturday. We made that available on the Monday of the cyclone.

Senator DAVEY: Will that be for the retailers to provide a form of compensation to customers who were cut off the network?

Ms Perrin: If a customer lost service for more than 24 hours, they are able to go and speak to their retailer. We will then support them by refunding that service or pausing that service cost for that period of time.

Senator DAVEY: Is that provided to retailers at a specific rate, or do the retailers come to you with the number of customers they want to provide the compensation to, and then you pay on demand up to that \$7 million cap?

Ms Perrin: That's right; there is a specific rate. We've aggregated it to try to make it as simple as possible for the process to work. It's a \$50 amount for each service. There are some conditions to that, as you would expect. Obviously a customer has to be within the impacted area and the retailer will make a claim into NBN. Those claims are due to come into us by the end of March, so that's the timeframe that we've set out to retailers, and they're working through that at the moment.

Senator DAVEY: Basically by this weekend, you expect the applications to come in from retailers, which will outline how many customers? You'll review their applications and provide the funding?

Ms Perrin: That's correct.

Senator DAVEY: Was a similar relief fund provided to retailers for communities in the recent North Queensland floods?

Ms Sweeney: No there wasn't. Let me jump in here, then I'll ask Anna to also provide some update. This is only the third time that NBN has provided a discretionary disaster funding. The first time, over the last five years, was in the Victorian bushfires. That was in January 2020. The second time was in 2022, and that was the Lismore floods. The third time, this disaster recovery funding, was for this cyclone event.

The difference between this event and the Far North Queensland monsoon event comes down to a couple of things. One is, again, the scale of Cyclone Alfred. Again, I mention those numbers are close to 390,000-plus impacted services as a force majeure event versus the monsoon event in Far North Queensland, which impacted about 13,713 services over 150 or so sites.

Senator DAVEY: I'm pretty sure some of the impacted communities up in Townsville felt it was a little bit more than just a general monsoon event. Who makes the final decision as to whether a disaster relief fund will be rolled out?

Ms Sweeney: Management at NBN make that decision. We consider a number of factors. We consider disaster declarations. We consider the impact on the network customers and RSPs. We also consider the scale of loss for customers and the community, the level of disruption, the recovery outlook and the relevance of support by retail service providers, who offer relief as well. I might ask Anna to jump in there, because I think it may help the discussion. Obviously, as a wholesaler we can endorse a relief fund, but RSPs obviously, in certain circumstances, also have different funds that they utilise as well.

Ms Perrin: In natural disasters, NBN's role generally is to focus on network resilience, preparation, recovery and also strong communications with retailers on our recovery activity and outlook. That always includes, for example, priority assistance for vulnerable customers who might require additional support or priority restoration. That's the normal mode of operation. We generally don't provide disaster relief; this occurs by exception. Usually, it's retailers that do that. Obviously, they're the ones that own the customer relationship.

Part of the reason is that it's a task to actually go and implement something like this for the retailers. They have to run a process with their customers and then come in to us. That's one of the considerations that we think through. We do also have rebates and things in place, if we miss appointment times or we miss an SLA and something's not under a force majeure event. So there are other ways that we support those sorts of activities. But, in general, we've only put in place disaster relief packages for major, major events.

Of course, at the outset, the cyclone was due to be a major event. Thankfully it wasn't as big, but that's why we put this in place.

Senator DAVEY: I'm aware there are still customers, people, in Far North Queensland who are still disconnected from the internet and the NBN service. Did you actually receive any requests for assistance from communities in North Queensland, either during the flood event or in the immediate aftermath?

Ms Perrin: Not that I'm aware of in terms of financial—customers would obviously reach out to their retailers. That may have come into the retailer community. Certainly, from discussions with retailers, that hasn't been a discussion that's come in to us in terms of financial support. But of course we have constant communication around the recovery of the network, what we're doing and when people can expect to see an NBN technician out there. As you would imagine, we redirect technicians from connection work into assurance work. So we make sure that that's very well known.

Senator DAVEY: So you've had no correspondence or communication from local government representatives, or mayors specifically, requesting similar relief funds as have been offered to the communities impacted by Alfred?

Ms Perrin: Not that I'm aware of.

Mr Williams: I'm not aware of it either.

Senator DAVEY: Okay. That's very interesting. I will take that on notice—or could you just double-check whether you've had any correspondence from any local government representatives or mayors?

Ms Perrin: Yes.

Ms Sweeney: Senator, we're more than happy to take that on notice. To your point previously, obviously anyone without a service has been impacted, whether they're part of the 13,000 or whether they're part of the 390,000. Our aim always is to reconnect customers as soon as possible. I'm not aware of any correspondence that's come through, but we'll take that on notice.

Mr Williams: Senator, just to clarify, I'm not aware of any correspondence pertaining to support for end users. We do engage with local councils. We have had correspondence and engagement with, for example, Hinchinbrook, but that's in relation to contemplating such issues as power resilience and those kinds of topics. It's more around network resilience and the emergency response framework; it's not pertaining to end-customer relief, if you like.

Senator DAVEY: So, from Hinchinbrook, it was more about the physical response—such as portable generators and portable satellite kits—that you've outlined.

Mr Williams: That covers it.

Senator DAVEY: You mentioned also in your opening statement the STAND network. We know there are over a thousand sites that have already had STAND infrastructure installed. In these two areas impacted by Alfred, North Queensland and then the South-East Queensland-Northern Rivers area, do you know how many STAND locations there are?

Mr Williams: I'd have to take it on notice in relation to North Queensland. I don't have that detail to hand. In relation to ex Tropical Cyclone Alfred, we identified about 79 STAND locations in what we deemed to be impacted amber and red postcodes across South-East Queensland and northern New South Wales. I don't think you'd be surprised that we did see activity across those locations, including about 1,700 devices between 5 March and 17 March, consuming about 600 gigabytes of data. We looked at, out of that cohort of 79 locations, which sites had elevated usage across the passage of the cyclone. There were about 26 sites across the region that experienced an increase in usage which would be indicative of use in an evacuation centre, in particular between Sunday 9 March and Wednesday 12 March, peaking on Monday 21 March at 91 gig. That encompassed locations from Casino showground through to Noosa Leisure Centre and everywhere in between.

Senator DAVEY: But you don't have the numbers for Far North Queensland to hand?

Mr Williams: I'll take that on notice, Senator—happy to.

Senator DAVEY: While you're taking that on notice, have you got a spreadsheet of all the current STAND locations across Australia?

Mr Williams: We do, and it's available on a mapping tool as well, but we can provide those details.

Senator DAVEY: That would be great. Just out of interest, were any STAND facilities offline at the time of Tropical Cyclone Alfred for any reason?

Mr Williams: The short answer is yes. What we did was look at the 79 locations. In the case of ex-Tropical Cyclone Alfred—or, as it was, Tropical Cyclone Alfred—we had an opportunity to engage with emergency management for a proactive response for a period of time. What we find in some STAND locations—it could be a local footy club, for example—is that sometimes, frankly, they're turned off. One of the ways that we ensure we're match fit is to contact the authorised personnel to make sure that we can have the infrastructure actually switched on in the case of those circumstances that rely on general-purpose power.

One example that was front of mind for the team was Ingham Showgrounds. We made several attempts to (a) get there and (b) get techs there. We ultimately got there as soon as we could once it was safe to do so. But I would note that, as far as I'm aware, the Ingham Showgrounds was not able, unfortunately for the Ingham community, to be open as an evacuation centre because it was subject to flooding. That's an example that I suppose is illustrative of the sorts of processes we go through to enable ourselves to be match fit for the STAND locations in times of need.

Senator DAVEY: That's it from me. Thank you very much.

CHAIR: Thank you. Senator Cadell.

Senator CADELL: I want to go to Sky Muster straight away. I think Senator Davey was talking about it last estimates. There were some commercial sensitivities, but on 4 March there was a story in the *AFR* with the headline 'Amazon set to beat Starlink to NBN deal'. Do you have any idea how a story got out or leaked? Have we traced any information from your organisation on that?

Ms Sweeney: Maybe a couple of things from me. I really can't comment on speculation from a journalist, and I would politely put that back to the journalist in question around their source, but I can tell you that NBN takes our procurement policy, our probity and our due diligence very seriously. As we mentioned last time that we met, this is a complex, delicate and also commercially sensitive negotiation. So, again, I'm comfortable, from an NBN perspective, with our compliance and our satisfaction around the commercial sensitivity of this negotiation.

Senator CADELL: Were any checks done on internal comms going outside to show that it didn't come from you guys?

Mr Williams: The premise of the question is that it's a leak of something that's a point of fact. It's ultimately press speculation. The process—

Senator CADELL: I accept that as a premise, but did you do any checks of external comms? It's such a sensitive matter. Did you do any probity checks or checks to see if there had been communications from the NBN to anyone external on this?

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

Senator CADELL: Okay. Has a provider been selected?

Mr Williams: The process, as we've given testimony before, is a process of commercial-in-confidence. We're well advanced in that process but at a critical stage in a very complex range of negotiations. Ultimately, there's no deal to be done until a deal's ready to be done, and we're not at that stage where there is something that's inkable. We are far enough advanced to be comfortable that we can see a pathway to a low-Earth-orbit partnership being something that makes sense to NBN and to the community to offer services to most remote citizens at a point before the retirement of Sky Muster. I think you alluded to some of these points in previous discussions. There are a range of careful considerations around sovereignty issues to be managed—data sovereignty, commercial issues, technology issues, operating and cost issues. You'll be the first to know.

Senator CADELL: I will not be; I would hope the minister would be the first to know! Speaking of that, does the minister know the preferred proponent at the moment?

Senator McAllister: If that question is addressed to me, I'll take it on notice. As you understand, I represent the minister and I don't know her state of mind.

Senator CADELL: Have you briefed the minister on the preferred proponent so far? Without wanting to know who or what, have you briefed them on the preferred proponent?

Mr Williams: Over time, the department and the minister's office engaged and were apprised of updates.

Senator CADELL: Staying in the media space—and this is a right of rebuttal for you guys more than anything else—on 13 March the *Australian* reported that NBN's fixed-wireless upgrade program attracted 100 new customers, despite costing \$700 million. I accept it only finished in the December quarter. Now that a full quarter has gone, I hope that's a significantly higher number. Do we have more than 100 or 200 sign-ups to the fixed-wireless upgrade?

Mr Williams: The fixed-wireless upgrade is not something limited to giving benefits to new customers, but it certainly does—but let me come back to that in a moment. We are transparent, as we always have been, around our numbers. We have the NBN *Network premises report*, and the most recent number, in January 2025, was 398,486 active premises on the fixed-wireless network. When you multiply 398,486 premises by a family and a couple of kids, that's about a million Australians being supported by that network and getting the benefit of a significant speed uplift—as Ms Sweeney noted, from the ACCC report, it has lifted from 47 to 99 megabits per second.

I note that the ACCC report spoke to a 93-odd megabit-per-second busy-hour experience. That's on our Fixed Wireless Plus service. It's relevant to note that the Fixed Wireless Plus service is priced at a fixed-line 50 megabits per second. If you look at the table in the ACCC report—and this is not an internal competition within NBN—you'll see a rundown of 50-megabit speed tiers delivering more than 50 meg, because that's what we do, and the Fixed Wireless Plus service is supporting lived experience north of 93 meg. Our internal measures are north of that. We have also liberated higher-speed tiers, up to 80 per cent of our customer base, of 400 megabits per second. I live with this service in my place in western Victoria, and my community utilises this service. Viscerally, I can see the positive impacts it's having on the community and our ability to stay connected with the global digital economy.

I know you're interested in the satellite capability. We've expanded our footprint from 225,000-odd square kilometres to 345,000 square kilometres. That additional footprint is roughly the equivalent of adding an area the size of the island of Ireland—so it's a significant area. We are not adding new towers but expanding the coverage of our fixed-wireless network—about 122,000 premises that were previously mapped to satellite.

We have finished, and we have now commenced a marketing program to raise awareness and let customers across the footprint, whether they're existing customers who could benefit from higher-speed tiers—and we support our retailers in some of these activities—through to awareness, in the former satellite footprint, that they're ready to connect for fixed wireless. I recall that at the previous estimates there was an appetite to see some green shoots; there are green shoots in relation to our trading trajectory. We are just about at that starting line post upgrade, with 398,486 homes benefiting from that upgrade today.

Senator CADELL: They're not, because they haven't transferred over, but they could benefit from that upgrade.

Mr Williams: No, Senator. Humbly, they are using a network that has been upgraded. They don't have to do anything. They do not have to do a thing. If they were on a fixed wireless service yesterday, per Ms Sweeney's opening statement, they'd be getting 47 megabits per second. According to the ACCC measurements, today they'd be getting 98 megabits per second without doing anything. That's the consequence for the existing customer base who are benefitting from an isolated experience.

Senator CADELL: So the 100 that was reported—I was trying to get to the bottom of this. The 100 is just 100 new customers on top of the 338,486 that was 338,386.

Mr Williams: The report, as I understand it, found a number of changes in connected customers. You don't need to rely on that publication, Senator; we publish a premises report on a monthly—

Senator CADELL: I think we've complicated a very simple answer there! I'm okay with that.

Ms Perrin: As Mr Williams just said, we are about to start a marketing campaign now that the network is ready. There will be regional ads starting next week. We're also on track to send out a number of letters across the footprint to let people know that this new network and this new service is available. We also know that a number of our retailers are now out in market and, for the first time, they're sending out letters to their customers as well. So we really are at the beginning of the marketing campaign, and Mr Williams and I will be working on this together.

Ms Sweeney: Just to make this really clear—maybe we've complicated it—if you're an existing customer you can have a better experience today than you did. If you're an existing customer or a new customer and you'd like to upgrade, there is an opportunity for us to also upgrade customers to higher speed plans.

Senator CADELL: I'll go now to the \$3 billion for the extra fibre rollout. You said you had a successful bond issue. What was the whack over the entire bond?

Mr Knox: Sorry?

Senator CADELL: What was the fee you were paying a year? Are you happy to say that, or do you want to take it as commercial-in-confidence?

Mr Knox: Commercial-in-confidence.

Senator CADELL: That's fine. I'm not going to push that.

Mr Knox: Thank you, Senator.

Senator CADELL: In the media release that I asked questions about last estimates—a clear point: I am happy with more people being able to get on fibre. You talk about the regional use. In the media release it says, 'Launceston and outback South Australia'—there are so many South Australians on this committee! It's very popular.

CHAIR: South Australians are very popular, Senator Cadell.

Senator CADELL: It's also the serial killer capital of Australia.

CHAIR: So be careful, right?

Senator CADELL: Do you have a geographical breakdown regionally? I don't expect an answer now, but is it a table or a form or an LGA? Do you have a breakdown of where those 622,000 new connections are?

Ms Sweeney: Absolutely. Let me ask Dion to give you a more fulsome answer on that.

Mr Ljubanovic: Sorry to do this to you, as a non-South Australian, [inaudible]. Yes, we do. I'll take this opportunity to remind all Australians that we already have 9.5 million premises that can convert to a full gigabit capability, which full fibre does provide. That's about jumping on our website, going to nbn.com.au and checking their address in there. Customers—

Senator CADELL: Come on, this isn't the cricket! You don't need to market here!

Mr Ljubanovic: Senator, it's about specific information for the punters. That's really what our customers get that information for, and it does show what's available at their premise locations. So, yes, we obviously do have the suburb locality information as well. We can provide that.

Senator CADELL: I'm just wondering what the best breakdown of that is, because I think by postcode would be a monstrous document. What sort of granularity can you do? Can you do LGAs? Would that be reasonable?

Mr Ljubanovic: Yes. We've obviously got maps across all parts of Australia. The last 622,000 does cover all states and territories. Different states have different volumes, obviously, as part of the last part of the footprint. So

we can potentially pull that together. Leave that with us, Senator. We'll take that on notice and come back with the outcome.

Senator CADELL: Thanks very much.

Ms Sweeney: That's across about 22,300 postcodes, so we can definitely take that and come back to this committee.

Senator CADELL: Thanks very much. When we were doing the sums before, we came up with that number of about \$6,100 per premise. I've subsequently been told that that's not going to the premises. Is that running by the front door? Is that fibre to the kerb or fibre to the premises?

Mr Ljubanovic: That is fibre to the boundary pit in front of the premises.

Senator CADELL: What's the current average running at, from kerb to premises? I've been told numbers like \$1,200 or \$1,300 for that last link. Is that about right?

Mr Ljubanovic: From the premises to the actual boundary pit itself?

Senator CADELL: Yes.

Mr Ljubanovic: We've discussed this in previous estimates, and it's around \$1,500 at this point in time.

Senator CADELL: So we're getting up to over \$7,500 for these last 622,000 homes, if they connect.

Mr Ljubanovic: I wouldn't characterise it like that because there will be quite a lot of premises within that 622,000 which would be much cheaper than \$6,000, in the street network.

Senator CADELL: But on average—

Mr Ljubanovic: That is obviously an average. So we will see areas that are more expensive than that as well, and that's why, in the announcement, we've been very mindful about the prudent and efficient approach that we take with this upgrade. We expect five per cent will be an extremely high cost. With the upgrades that Mr Williams just talked to in the fixed-wireless network and the future LEO solution that we are deep in negotiation with, it makes sense to leverage those next-generation networks to make the right engineering and financial decision when we get down to that level of detail.

Senator CADELL: Once again, the internal conflict is need versus financial return. I know it's a standing commercial promise. That's, again, my internal demons. That's the upside of it—some are more expensive and some are cheaper. The downside of those numbers is that averaging it out at that is only if all 622,000 take it up. If we get a 50 per cent sign-up rate to fibre, we're looking at a very high number on average, aren't we? It's over 12,000 bucks.

Mr Ljubanovic: I think that's, right now, obviously just the capital costs. The business case that we developed for this is dependent on what the penetration and uptake rate looks like. At the end of the day, when we look at the fact that we do need to make a decision on the copper network, full fibre is that future technology that's future ready for ultimately decades to come. This is the pathway for the network to move towards, noting we will be leveraging fixed-wireless next-generation upgrades that we have completed in the future LEO satellite.

Ms Sweeney: I think we covered this last time as well. I think if you go back to Dion's original point, 3.5 million premises today are on fibre to the node, and they will be upgraded by the end of this calendar year, 2025. Coupled with that, we have five million premises that will have gig enabled services. I suppose the alternative for us is that the final 622,000 do not have an upgrade path, and they would remain on degrading copper—again, with an inability to get up to 100-meg services. The thing we are doing in the background, which is worth recognising, is we've clocked over almost 670,000 upgrades over the last three years. We're definitely investing in terms of underperforming lines and poor performing lines as well for our customers to move them on to a full-fibre solution.

The other thing probably worth recognising on this point is that, as part of the replacement module application, we're also consulting around not only the benchmark service standards for NBN to RSP environment but also different ways where it makes economical, financial and, I think, good customer sense for us to also look at three opportunities to start to migrate customers in a more managed fashion as well. The reason I'd like to share that is, of course, that that would have a different cost base as we go from a demand model to, potentially, a model where, in some cases, we'd all be working with RSPs to move customers onto fibre as well. Now, that's a regulatory cycle of 27 to 29, but it does change some of the economics around this. To Dion's point, underpinning the business cases, also, is just the cost base and the change to our opex and capital environment of maintaining the aging copper network as well.

Senator CADELL: While you're on opex and capex—Mrs Lacey from year 7 maths at Cardiff High would be semi-proud of me—if we're using all of those 622,000 connections and that \$3.8 billion, where does the roughly \$933 million come from capex to connect to the premise?

Mr Knox: That's at our expense. All connection costs are at NBN's cost. On top of that—

Senator CADELL: Where does the capital come from? Is that sitting in a different account? The \$3 billion you got, with the extra \$800 million you've raised, covers the fibre path to the curb. Where does the extra \$933 million, by my calculation—

Mr Knox: That comes out of our own cash flows over time. This is a five-year exercise. It will take us time. It's an on-demand one for now.

Senator CADELL: What's your five-year plan after this for each connection?

Mr Knox: It's pretty much consistent with what our current base of ARPU is. At the moment, our ARPU's running at about \$50-odd. But that will increase in time as people choose to take higher tiers and use the capability of the fibre network.

Senator CADELL: Okay, but it's my comprehension—now, my English teacher would be upset!—that a five-year thing of funding from your own cash flows of \$50 per premises over five years is \$250. There is a big gap between \$250 and \$1,500. Will that cause greater cash burn and greater cash drain on your balance sheet?

Mr Knox: Yes, it will, in the short term. These are long-term projects. The fibre that we put in the ground will last 40 years.

Senator CADELL: You said five years, not me. That's where I got scared—when you said five years just then.

Mr Knox: Over the next five years, as we roll it out, we will be incurring that cost. That's all part of our business case. If you look at our total revenue, we're generating \$5 billion to \$6 billion a year, and that's recovering costs from previous build projects that we've done and are continuing into the future. So we've got a major—

Senator CADELL: I don't doubt your revenue, but there has been cash burn for the last few years.

Mr Knox: And there will be for another three to four years, and that's part of the program. We get our returns over a longer period. That's just how these infrastructure assets work.

Senator CADELL: Okay.

CHAIR: I might just have a little follow-up there on the costs and suchlike we've discussed over the last while. On bringing the NBN to households and what it actually does for equity, can you just talk a little bit about that—in terms of access and equity? My point is that access to the Internet, access to services, access to work from different locations and access to education, training and information—obviously, the economics are really important, and I think that has just been unpacked for some time. There is also that very important, in my humble opinion, other side of it, which is actually about the equity and access piece. I wonder if you have any views about that whatsoever.

Ms Sweeney: We have a number of views about that. It goes very much to the purpose of NBN, and that's about lifting the digital capability of Australians, not dependent on your postcode. From our perspective, again, we've got a position around equity, and that's why the comment about the 3.5 million services we're upgrading by the end of this year and the 622,000 figure becomes important. Without this investment, we would not have had an upgrade path for those homes and businesses within that fixed-line footprint of 622,000. That's, as we've mentioned previously, in metro and regional Australia.

So I think, from our perspective, the benefit of NBN—and, again, we've just released a social report about the benefit of NBN and the impact it has on people not only in regional Australia but in metro. Again, the results are quite interesting. I think they're very positive, obviously, around the positive impacts around people's lives. Their enjoyment, their ability to work from anywhere, the ability to access telehealth and the ability to have equity around education are just some of the things that obviously it brings to mind. As a GBE, we manage not only the opportunity of the social licence to operate; we also balance, obviously, that commercial component as well. But I think, again, the social and equity component is not lost on anyone at NBN. It really is part of the reason people work here.

CHAIR: Thank you very much. We'll go briefly to Senator Bilyk.

Senator BILYK: The NBN recently completed an upgrade of the fixed wireless network, which upgraded more than about 2,000 towers, I think it was. Is that correct?

Mr Williams: That's right.

Ms Sweeney: Sorry, Senator, is that 2,300 towers.

Senator BILYK: Two thousand three hundred—even better. What additional capability has the upgrade delivered, and how many customers are therefore benefiting from the improved service?

Mr Williams: I get excited by this topic.

CHAIR: That's delightful to hear.

Mr Williams: I think, with my expansive answer to Senator Cadell's perhaps simple question, I'll just very quickly bullet point again: the full customer base of fixed wireless, circa 400,000 customers, benefit from an upgraded service; an expanded footprint from 245,000 to 345,000 square kilometres; an extra 122,000 premises; lifting busy-hour speeds for everyone today and giving the opportunity to get higher speed tiers; upgrading to capabilities that, frankly, are best in class within the context of fixed wireless access; having deployed great new technologies to push that network for everything it's got for the benefit of folks in the bush.

Senator BILYK: The ACCC report on the performance of NBN fixed wireless was mentioned earlier. How does this reported performance compare to the capability of the network before the upgrade?

Mr Williams: I think Ms Sweeney's opening statement gave some snapshot in time—from a 47-megabytes-per-second-anytime experience in the timeframe—

Ms Sweeney: To 99.8.

Mr Williams: Yes, to 99.8. In fact, a design guide ahead of the upgrade was to have a busy-hour experience of six megabits per second. Frankly, I know, from driving around and flying around regional Australia, that you don't get a great reception if you're offering six megabits per second. Before we started the upgrade program, we were delivering more than that, but not in a game-changing kind of fashion. This is a game changer on this network. Certainly, from Measuring Broadband Australia, during the busy hour, with Fixed Wireless Plus, it is just over 93 megabits per second, and that's fast. You can watch BritBox to your heart's content with that kind of speed.

Senator BILYK: Through my retirement, that's something I intend to do. Can you outline some of the key findings of that report for us.

Mr Williams: I'd need to scramble to get some—have you got any comments on that report beyond fixed wireless, members? What the report shows is that it's a range of topics, including the speeds that are delivered across technologies at various speed tiers across NBN's portfolio of products from each of our fixed line technologies through to fixed wireless and now satellite. It also looks at the outage performance for each of the technologies. One thing it does show is that our fibre to the premise service is top of the pops in that regard. Equally, the reliability of some of—even a Sky Muster service is quite solid. Ultimately, a headline from this report according to the ACCC was this continued shift upwards in the performance of our fixed wireless service.

Senator BILYK: Thanks. Can I just have one more question on a—

Senator CADELL: It could be your last.

Senator BILYK: It could well be.

CHAIR: It could be your last ever.

Senator BILYK: It could be my last ever estimates question. I'm living in hope that it might be! The Albanese government is helping to narrow the digital divide by providing free community-wide wi-fi services to around 20 First Nations communities. Are you able to provide the committee with an update on the rollout of this very important initiative?

Mr Williams: Yes, we can. We contracted to install community wi-fi—a mesh wi-fi service—to cover outdoors in around 20, and ultimately 24, communities selected right across Australia. This would deliver free wi-fi access to community members. It was built on the insight that many households may not have what I might consider—technically, in my house there are laptops plugged in all over the place, but there are a significant number of handheld devices, being smartphones. I guess whether community members have smartphones or laptops is not the point. Previously they were relying on broadband-type usage, using expensive prepaid technology, effectively. We've installed 19 of those 24. We will need to wait until the wet season concludes. Unfortunately the wet season beat us in a number of communities.

What we're seeing is a significant take-up in the communities we've connected. Since October more than 26,000 devices have connected across the 19 communities, consuming more than 50 terabytes of data. That equates to about 1.6 devices per community member, indicating the community are using multiple devices. There

were 51,546 government webpages visits, which equates to seven visits per device per month. Access to government services was something that we were quite keen to foster. As I mentioned, we have four sites remaining that we hope to get to: Galiwin'ku, Doomadgee, Kowanyama and Hope Vale.

An important point to note is that we've recruited digital champions. It is not just good enough to have access to broadband, to have safe access and to support digital capabilities. We have a local digital champion who is upskilled to support. I asked for some feedback around Fitzroy Crossing. It was direct feedback from the community members. Community leaders had suggested that they'd seen a decrease in crime and an increase in school attendance as a consequence of the rollout of the service, enabling people to stay in their community to access services, including Centrelink, and reducing the need to travel into the Fitzroy Crossing main town. Relatively early days. We are looking forward to concluding the program. We do see the benefits for those many communities.

Senator BILYK: Very important work. Thank you.

CHAIR: Thank you for sharing your last estimates day with this committee.

Senator BILYK: I am not on tomorrow.

Senator CADELL: But next week?

CHAIR: She is not scheduled for next week either. I will be here.

Senator McAllister: Under these circumstances, can you tell us just how many—

Senator BILYK: 17 years worth.

Senator McAllister: That's a lot of estimates.

Senator BILYK: My staff told me it was 145 days, but I think they might have undercounted.

CHAIR: I was thinking that when I was doing a bit of a tally up. 145 is where we are sitting. Over seven months of your life.

Senator BILYK: Seven months of my life!

Senator CADELL: That's not how I count, because there are normally more than 20 days in a—Mrs Lacey would be very sad.

CHAIR: She would run out of fingers and toes. Thank you to NBN Co. Thank you for joining us. We will now release you. That concludes today's hearing. Thank you to all the witnesses who appeared. Particularly, thank you to Hansard, Broadcasting and our amazing secretariat, who do a tireless and amazing job. I also thank the minister for being with us today. I remind all senators that the committee has agreed that any written questions on notice that you would like to lodge should be provided to the secretariat by 16 April 2025.

Committee adjourned at 21:15