



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

ENVIRONMENT, COMMUNICATION, INFORMATION
TECHNOLOGY AND THE ARTS LEGISLATION COMMITTEE

ESTIMATES

(Consideration of Budget Estimates)

THURSDAY, 29 MAY 2003

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SENATE

**ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY
AND THE ARTS LEGISLATION COMMITTEE**

Thursday, 29 May 2003

Members: Senator Tchen (*Chair*), Senator Mackay (*Deputy Chair*), Senators Bartlett, Eggleston, Lundy and Tierney

Senators in attendance: Senators Bartlett, Crossin, Greig, Lundy, Mackay, McLucas, Santoro, Tchen and Wong

Committee met at 9.07 a.m.

ENVIRONMENT AND HERITAGE PORTFOLIO

In Attendance

Senator Hill, Minister for Defence

Department of the Environment and Heritage

Executive

Mr Roger Beale, Secretary

Ms Anthea Tinney, Deputy Secretary

Dr Conall O'Connell, Acting Deputy Secretary

Mr Stephen Hunter, Deputy Secretary

Australian Antarctic Division

Dr Tony Press, Director

Mr Rod Allen, General Manager, Corporate

Heritage Division (including Australian Heritage Commission)

Mr Bruce Leaver, First Assistant Secretary and Executive Director, Australian Heritage Commission

Mr Kevin Keeffe, Assistant Secretary, Heritage Management Branch, and Deputy Executive Director, Australian Heritage Commission

Dr Barry Reville, Assistant Secretary, Heritage Assessment Branch, and Deputy Executive Director, Australian Heritage Commission

Marine and Water Division

Ms Alison Russell-French, Acting First Assistant Secretary

Ms Veronica Blazely, Acting Assistant Secretary, Coastal Branch

Mr Ian Cresswell, Assistant Secretary, Marine Branch

Mr Theo Hooy, Acting Assistant Secretary, Water Branch

Natural Heritage Division

Mr Max Kitchell, First Assistant Secretary

Dr Rhondda Dickson, Assistant Secretary, Natural Resource Management

Ms Chris Schweizer, Assistant Secretary, Commonwealth Regional Natural Resource Management Team

Ms Alex Rankin, Assistant Secretary, Commonwealth Regional Natural Resource Management Team

Parks Australia

Mr John Hicks, Acting Director

Mr Darren Schreffer

Strategic Development Division

Mr David Anderson, First Assistant Secretary, Strategic Development Division

Mr Peter Woods, Assistant Secretary, Corporate Relations and Education Branch

Mr Mark Hyman, Assistant Secretary, International & Intergovernmental Branch

Policy and Coordination Division

Mr Phillip Glyde, Chief Finance Officer

Mr Patrick McInerney, Acting Assistant Secretary, Policy and Accountability Branch

Mr Stephen Mayes, Assistant Secretary, Finance Branch

Supervising Scientist Division

Dr Arthur Johnston PSM, Supervising Scientist

Mr Alex Zapantis, Assistant Secretary, Office of the Supervising Scientist

Sustainable Industries and Atmosphere Division

Mr Peter Burnett, Acting First Assistant Secretary

Mr Graeme Marshall, Acting Assistant Secretary, Atmosphere & Sustainable Transport Branch

Mr David Atkinson, Acting Assistant Secretary, Government Partnerships, Chemicals and Biotechnology Branch

Mr Kerry Smith, Acting Assistant Secretary, Industry Partnerships Branch

Approvals and Wildlife Division

Mr Gerard Early, First Assistant Secretary

Mr Malcolm Forbes, Assistant Secretary, Environment Assessment and Approvals Branch

Mr Mark Flanagan, Assistant Secretary, Policy and Compliance Branch

Ms Anne-Marie Delahunt, Assistant Secretary, Wildlife Branch

Mr Tim Kahn, Director, Mining and Industrial Section

Great Barrier Reef Marine Park Authority

The Hon. Virginia Chadwick, Chair

Mr John Tanzer, Executive Director

Mr Andrew Skeat, Executive Director

Mr John Barrett, Director, Corporate Services

Mr Peter Cronin, Acting Manager, Finance and Office Services

Mr Michael O'Keefe, Manager, Parliamentary and Ministerial Liaison

Office of the Renewable Energy Regulator

Mr David Rossiter, Assistant Secretary

Sydney Harbour Federation Trust

Mr Geoff Bailey, Executive Director

Australian Greenhouse Office

Mr Howard Bamsey, Chief Executive

Dr Diana Wright, Senior Executive Manager, Sustainable Energy Group

Mr Gerry Morvell, Executive Manager, Sustainable Energy Group

Mr Ian Carruthers, Senior Executive Manager, Greenhouse Policy Group

Mr Brett Janissen, Acting Executive Manager, Partnerships and Market Policies Group

Ms Jo Mummary, Executive Manager, Greenhouse Policy Group

Mr James Shevlin, Acting Senior Executive Manager, Partnerships and Market Policies Group

Mr Greg Terrill, Executive Manager, Greenhouse Policy Group

Mr David Clarkson, Manager, Corporate

Mr Mark McGovern, Finance Manager

National Oceans Office

Mr Mark Tucker, Acting Director

Mr Sean Sullivan, Deputy Director

Bureau of Meteorology

Dr Bill Downey, Acting Director of Meteorology

CHAIR—I declare open this public meeting of the Senate Environment, Communications, Information Technology and the Arts Legislation Committee considering the budget estimates for 2003-04. I have to mention that, due to the unfortunate absence through sudden illness of Senator Alan Eggleston, the chair of this committee, the committee has appointed me chair for the time being for this hearing.

Senator Hill—Congratulations.

CHAIR—I do not get paid for it, Minister. By resolutions of 11 December 2002 and 14 May 2003, the Senate has referred to the committee the particulars of proposed expenditure for the year ending on 30 June 2004 for the two portfolios of Communications, Information Technology and the Arts, and the Environment and Heritage. We will commence today by examining the Environment and Heritage portfolio. Later we will be returning to the Communications, Information Technology and the Arts portfolio. Any matters in relation to the Environment and Heritage portfolio not dealt with by 6 p.m. today will be continued on Friday morning. The committee is required to report to the Senate on 19 June 2003. It has not yet set a deadline for answers to questions placed on notice, which, if not announced beforehand, will be notified in the committee's report.

Senator MACKAY—When we had our private meeting yesterday, there was some understanding that we might go a bit beyond 6 p.m. I appreciate it has to be read out that way for the record, but if there is a potential spill-over that was certainly flagged by Senator Lundy and me yesterday.

CHAIR—I understand. We will deal with these sorts of matters as they come up.

[9.09 a.m.]

Department of the Environment and Heritage

CHAIR—I welcome the Minister for Defence, Senator Hill, who is representing the Minister for the Environment and Heritage, Dr David Kemp, and officers from that portfolio. Minister, would you like to make an opening statement at this point?

Senator Hill—No. Mr Beale wants to say something.

Mr Beale—I have a brief statement. Firstly, we have circulated an annotated set of principal accounts. This is something that, if the committee finds it useful, in the future we could perhaps provide to the secretariat in advance. It simply helps to cross-correlate where you can find different things.

I want to mention a number of changes that have an impact on the accounts; material accounting changes. One is a structural matter—that is, the Bureau of Meteorology has become a prescribed agency part way through the financial year. This change is reflected in the appropriations and financial statements for the department. It is the source of the apparent major decline in the Department of the Environment and Heritage's revenues, expenses and staffing. With another accounting policy change, the removal of the capital user charge and its appropriation has also meant a significant apparent reduction in the department's appropriations, without actually affecting the money spent on the environment.

If we combine those two effects, those two material accounting changes—that is, \$42 million for the capital user charge and \$40.27 million transferred to the accounts of the now independent Bureau of Meteorology—the apparent decrease in revenue from government of \$81.85 million in fact becomes an increase of about half a million dollars. The apparent decline in appropriations for the department is in fact entirely explained by accounting changes.

There has also been a change in the distribution of corporate overheads at the program level, which has affected some programs—for example, heritage and parks and reserves—so as to reduce their apparent expenditure. Again, this is an accounting transfer, not a real transfer. The measures announced in the budget are set out in a number of places—in the PBS, in Budget Paper No. 2 and in table 1.2 of the environment budget statement. I will not go through those.

I would also note that the NHT is accounted for separately and has not yet been allocated this year to the various expenditure heads, because the board has not yet decided how to allocate the NHT funds in detail. Sometimes you will see an apparent decline in expenditure for a particular item. That is simply because the NHT, which is accounted for above the line, has not been included.

Finally, I draw your attention to the fact that the department will be restructured from 1 July to sharpen its focus on delivering the government's priorities. I would simply note that, while there is a modest reduction of 63 ASL, we expect to achieve that through natural wastage. Over the past seven years we have doubled our payments to the Australian community to support the environment, with broadly steady staffing. We have made a 30 per cent reduction in the costs of corporate services and at the same time substantially decreased our ecological footprint, including in the area of energy and recycling of materials and water. We continue to be an employer of choice for our staff, with over 90 per cent of votes for all of our certified agreements to this point.

CHAIR—Thank you, Mr Beale. Your explanation will be very helpful to the committee, as I am sure this map will be. Is it the wish of the committee that we have this material tabled? There being no objection, it is so ordered.

Senator WONG—I would like to ask one question arising out of that, Mr Beale. What are the implications of having the Bureau of Meteorology as a prescribed agency?

Mr Beale—It means that the director of the bureau will now become the chief executive for both the purposes of the Public Service Act and the purposes of the Financial Management Act. So it becomes an agency in its own right but as part of the portfolio.

CHAIR—Before we move to questions, 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 the discretion to withhold details or explanations from the parliament or its committees unless the parliament expressly provides otherwise. I also remind officers that they will not be asked to express an opinion on matters of policy and that they shall be given reasonable opportunity to refer questions asked of them to superior officers or to a minister. Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. I also remind you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate.

[9.16 a.m.]

Australian Antarctic Division

CHAIR—I welcome officers from the Australian Antarctic Division.

Senator WONG—I do not have any questions for the Australian Antarctic Division.

Senator BARTLETT—I have some questions about the research being conducted on seals on Macquarie Island. I seem to recall reading something about that being wound up in the future. Is that right, or is that research continuing?

Dr Press—The research that is going on at Macquarie Island in terms of the Australian Antarctic Division's research on seals is winding down. It has come to the end of its life. It has been a project run over 10 years. There is some counting of seals and the end of some radiotelemetry work being undertaken by various universities, but the Australian Antarctic Division's program is winding down and will be a monitoring of seal numbers from here on in, probably carried out by the Tasmanian parks and wildlife people.

Senator BARTLETT—Is your division involved in plans to develop a runway for aircraft in Antarctica?

Dr Press—Yes, we are.

Senator BARTLETT—What is the progress of that?

Dr Press—In the last summer an area near Casey station was proven for its capability to take wheeled aircraft. We had a leading glaciologist from the United States, who was involved in building ice runways and snow runways for the United States program, visit Antarctica with us and approve the site near Casey station. We are now assured that the site is capable of taking wheeled aircraft. That is as far as it has gone. We are still awaiting government approval to go ahead with intercontinental air transport, but the site is suitable for that purpose.

Senator BARTLETT—What aspects or factors have been considered in relation to the approval requirements?

Dr Press—The preliminary work that was done was subject to referral under the EPBC Act. There is still a process whereby we will notify the Antarctic Treaty nations of our intention to start operating an intercontinental air transport system.

Senator BARTLETT—What is the intended use for it? It is not intended for tourism, is it? It is just meant for servicing bases.

Dr Press—No, the intended use is to support the Australian Antarctic program, in particular the science efforts in Antarctica. It is not envisaged that it would be used for any other purpose.

Senator BARTLETT—The restoration and saving of Mawson's Hut—does that come under your scene as well?

Dr Press—We are, for all intents and purposes, the owner of Mawson's Hut. We are the responsible agency for it and we have just mounted a major expedition this year. We are in the process of planning our future involvement in the conservation works there.

Senator BARTLETT—What is the prognosis for it?

Dr Press—The structural integrity of the hut is good at the moment. We know that the foundations of the hut are secure. We have undertaken some significant internal restoration work repairing batons and tie-downs inside the hut. But the assessment by the heritage architect this year is that the cladding of the hut has been so eroded by the ablation of the snow that it no longer has very strong torsion. In other words, it can move as the wind gets stronger. The result of that is that some years in the future it may in fact fall down without some additional remediation.

We are looking at the options for ensuring that the fabric of the hut—that is, the materials from which it was originally made—is preserved and yet are able to maintain the structural integrity of the hut over the long term. The options might include a form of overcladding that will keep the material of the hut in place but provide the structural integrity that it needs to stand up there for another hundred years.

Senator BARTLETT—Has there been a general estimate done of the cost of all that restoration?

Dr Press—We are in the process of looking at what physical and research work will need to be done on the hut in the next few years, so I have not got a figure for that. But I know for instance that, in fully accrued terms, this season's expedition to Mawson's Hut is around about half a million dollars. That takes into account wages, materials, the payment to the French for shipping, and helicopter time, so it is not an inexpensive business.

Senator BARTLETT—Are the options for future funding likely to include seeking private sector support?

Dr Press—Yes. We are considering all options at the moment. We have been approached by a number of members of the community that are interested in whether they can contribute to the ongoing restoration work at Mawson's Hut. As you know, the Mawson's Hut Foundation—the AAP Mawson's Hut Foundation—still exists and it is a private institution.

Senator BARTLETT—Maybe we could arrange a committee visit during the year to see how progress is going.

Dr Press—That would be possible. We could arrange it through the French. They have a small vessel that goes down there. I understand that you can get very seasick travelling to Antarctica on their vessel.

Senator BARTLETT—We will put that on the agenda. Thank you.

Senator WONG—There is just one thing I could ask this division about. It is in relation to shipping support for Australia's Antarctic programs. There is a reference to it at page 135 of Budget Paper No. 2. My recollection is that the minister issued a release on budget night announcing new funding of, I think, \$69.6 million for Antarctic shipping. The reference at page 135 suggests that this funding has already been included in the forward estimates. Can you explain where the money is actually coming from?

Mr Beale—The program cannot be funded until the government decides that it is funded, but the Department of Finance and Administration made a judgment, in putting together its forward estimates, that it was likely that the government would approve this funding. Hence there were figures in the forward estimates, but no money was actually provided until the government made the decision in the budget to make a new policy decision to provide the funds. Normally, if we look ahead at any budget, the forward estimates decline. We know that that is because program funds are provided typically for a three- or four-year period for the life of the estimates and then reviewed. To ensure that the outgoing bottom line is not too far off reality, Finance allows for that in two ways. Either they include it in the forward contingency fund or they include it as a pressure against the particular line. In this case, Finance had anticipated that the government would approve the continuation of the shipping program and had included it in the forward estimates.

Senator WONG—Is that standard practice?

Mr Beale—Yes, it is standard practice.

Senator WONG—One includes money where that has not been approved by your minister?

Mr Beale—Yes, if it is a recognised pressure, and that is a matter for judgment by the department of finance.

Senator WONG—So how long has provision for this \$69-odd million been in the forward estimates?

Mr Beale—I am not sure when it was inserted, whether it was last year or earlier.

Senator WONG—So it is not really new funding?

Mr Beale—It is new funding. Until the government decides to actually provide that funding, we have no authorisation to seek it. But the department of finance, anticipating that this pressure would be met, had built it already into the forward estimates for future planning purposes. If they think it is probable but less likely, there are usually funds provided in the contingency area of the budget for meeting emerging pressures.

Senator WONG—But, from the taxpayers' perspective, it has been in the forward estimates since last year and it is money that is notionally allocated to this portfolio. It just seems a bit strange that it is there, but then it is announced on budget night as new funding when it actually is not new funding.

Mr Beale—From the taxpayers' point of view, the forward estimates are simply that. They are estimates of likely levels of government expenditure over the four years ahead of the budget. That is not turned into a demand on the taxpayer until the parliament addresses the appropriation requirements. That required in this case a decision by government.

Senator WONG—I understand that we are not talking about taxpayers' money actually spent. I just making the point that the minister comes out and says that this is new funding when actually this money has been allocated I think, on your evidence, for at least two financial years to this portfolio.

Mr Beale—I think I have explained to you why both of those statements are correct.

Senator WONG—I appreciate that is the process; I am just saying that it is not actually new funding. It is simply announcing funding that is already allocated and in place.

Mr Beale—Until we have that approval from the government, that funding is not approved. It was a new policy proposal that we had to take through the budget process which Finance anticipated we would win and, therefore, was in the forward estimates.

Senator WONG—I am not suggesting that you have done anything wrong. I understand that that is the department's perspective. I am just suggesting that, from the public's perspective, it is a bit of a misleading claim to be saying that this is new funding when you have had it allocated for, on your evidence, two financial years.

Mr Beale—I would simply say that what we have described and the way it is described in the budget papers and in the announcements is precisely accurate.

Senator WONG—So is there a lot of other funding that has been allocated but not yet been agreed by the ministers in this budget?

Mr Beale—I am sure there would be across the breadth of the budget, yes.

Senator WONG—Perhaps we can go through that today.

Mr Beale—You ask the questions and we will answer them.

Senator WONG—I may hold you to that, Mr Beale!

CHAIR—I am sure Mr Beale will answer your questions to the best of his abilities.

Senator CROSSIN—Maybe if you did not say 'accurately'.

CHAIR—I thank the officers from the Antarctic Division.

[9.31 a.m.]

Supervising Scientist Division

CHAIR—We will now move to outcome 1, the protection and conservation of the environment.

Senator CROSSIN—Dr Johnston and Mr Zapantis, I do not have as large a brief as I had last year, so we will be very quick this year. On page 35 of the PBS, the OSS in the coming financial year has been allocated what amount?

Dr Johnston—On which page?

Senator CROSSIN—Is it on page 35? Is that where I should be looking for outcomes and outputs for your agency?

Dr Johnston—No. That is part of industry.

Senator CROSSIN—I will come back to that page.

Dr Johnston—The relevant page for OSS is 60.

Senator CROSSIN—You have been allocated just over \$8 million.

Dr Johnston—Yes, for that outcome.

Senator CROSSIN—Is that an increase over last year's allocation?

Dr Johnston—No, it is a slight decrease.

Senator CROSSIN—Why?

Dr Johnston—In total the figure in 2002-03 was \$8.68 million. In 2003-04 the amount is \$8.025 million.

Senator CROSSIN—What is the reason for the reduction?

Dr Johnston—There are two principal components: the first is that you may recall that we completed the move of ERISS from Jabiru to Darwin during this financial year. In order to do that we had a carryover, effectively, from last year of just under half a million dollars. The other difference is a readjustment of corporate overheads, along the lines that Mr Beale was mentioning.

Senator CROSSIN—I would like to go to outcome 1, and the amounts under output 1.6, industry, and output 1.7, inland waters, which are in the table I was looking at before on page 35. I asked questions about this last year. There had been an increase in the industry allocation and a decrease in the inland waters allocation. What is the state of those areas in this PBS?

Dr Johnston—Those figures you are looking at there are total figures for the whole portfolio. There are component parts to those, one of which is the industry part of \$8 million in this financial year, which is the one we talked about a moment ago. It is \$8.025 million, for industry for the Supervising Scientist—\$8.025 million of the total of the industry allocation that you are looking at on page 35. Similarly, on the inland waters, of the total shown on page 35, the component for inland waters for the Supervising Scientist Division is \$0.645 million in 2003-04.

Mr Beale—Senator, that is on page 47 and then page 62 of the PBS.

Senator CROSSIN—Is that a further decrease for the amount of money that has been allocated against inland waters?

Dr Johnston—The total amount of funding for the Supervising Scientist Division, excluding corporate overheads and excluding that carryover effect from last year, is the same in 2003-04 as it is in the current year for both.

Senator CROSSIN—This is out of the industry area and the inland waters area.

Dr Johnston—That is correct.

Senator CROSSIN—So it is the same. So you have not experienced a further increase in one and decrease in another?

Dr Johnston—No.

Senator CROSSIN—It is the same as it was last year. Is that right?

Dr Johnston—Yes.

Senator CROSSIN—It was only last year where the initial variations occurred. Is that correct?

Dr Johnston—Yes.

Senator CROSSIN—What has been the complete cost of the relocation from Jabiru to Darwin?

Dr Johnston—During the current financial year it was just under half a million dollars. Last financial year, if I recall correctly, the anticipated call was \$121,000, and I think that was the total. That is for the relocation aspects as distinct from the building.

Senator CROSSIN—We are looking at around \$621,000 to relocate from Jabiru to Darwin. Is that correct?

Dr Johnston—Yes, of that order.

Senator CROSSIN—What are the other additional total costs in building and fit-out?

Dr Johnston—I think we responded last year to those figures. The fit-out of the building was \$2.5 million.

Senator CROSSIN—Is that what was allocated towards the building?

Dr Johnston—Yes, that was the fit-out part. You may recall that we leased the building itself, but the fit-out costs were \$2.5 million.

Senator CROSSIN—Was that an allocated amount? Does it exceed that amount or is that the total cost? Now that the building has actually been finished and opened, is that the total cost?

Dr Johnston—The cost would be pretty close. I would have to refer to Mr Anderson at some stage.

Mr Beale—Would you like us to come back? It is probably a bit unfair for Arthur to remember. We could perhaps provide that later in the day.

Senator CROSSIN—Take it on notice, that will be fine. How many positions are now left at Jabiru? Is there just the one?

Dr Johnston—There are six.

Senator CROSSIN—What sorts of roles are they undertaking?

Dr Johnston—The principal role is the ongoing routine monitoring program that we now carry out—the chemical, biological and radiological monitoring program. There is also interaction, liaison and communication with the traditional owners and other Aboriginal people in the region. Then there is the OSS role of on-site inspection when incidents of any kind occur. Those are the three principal functions carried out by the staff remaining in Jabiru.

Senator CROSSIN—So you have six who are actually based and living out at Jabiru. Is that correct?

Dr Johnston—Yes.

Senator CROSSIN—Is it correct that you have a person who is specifically devoted to liaising with the Indigenous community?

Dr Johnston—That is right.

Senator CROSSIN—Who is the person who performs that role?

Dr Johnston—Do you want the individual's name?

Senator CROSSIN—Yes. Do you want to take it on notice?

Dr Johnston—It is unusual to ask for an individual's name. Matt Daniel is his name.

Senator CROSSIN—How has the role and the function he is performing actually been evaluated to see if it is effective?

Dr Johnston—We are carrying out a review over this dry season of all of the functions carried out at the institute. Since it is relatively new, we are looking at the role of the monitoring program—the people carrying that out and the people carrying out the liaison. We are discussing these issues with the traditional owners, the Northern Land Council and the associations as well as looking internally to try to assess how well it has gone. We are also discussing the whole role of communication with the board of management of Kakadu National Park, following comments they made earlier. I went along and spoke to the board relatively recently and addressed the issue of communication and sought their feedback on ways in which we can improve how we communicate with the traditional owners of the region and, in particular, with the board. We are still awaiting feedback on that. So there are a number of ways in which we are trying to assess how best to carry out the role of liaison and communication.

Senator CROSSIN—Is this between the work that you do and that the company does?

Dr Johnston—No.

Senator CROSSIN—How do you see this person fitting into the work that the mining company does versus their obligation to communicate with Indigenous people?

Dr Johnston—I see our person's role as solely engaging in liaison and communication on the role and work of the Supervising Scientist Division in the region.

Senator CROSSIN—And that is with regular meetings, newsletters and so on—or are there some specific targets or indicators?

Dr Johnston—Our major role is to ensure that before any project commences the staff involved—particularly through the individual liaison person—go out and discuss with the traditional owners of the land in which the project might be carried out what the proposals for the work are and where people would wish to go and sample or make observations. This is primarily to ensure that the locations they may wish to visit do not have any cultural sensitivity and they have the approval of the TOs to visit those regions. But it goes further than that. We obviously try and involve the traditional owners of the land in the projects themselves—to actually participate in the work. We see this as an important ongoing role to enhance their understanding of what we are doing and why we are doing it.

Senator CROSSIN—So how would the OSS describe its relationship with the traditional owners?

Dr Johnston—I would say that it is improving substantially. We have a very good relationship on the whole with the traditional owners in the region. We have had some

difficult issues but we are working our way through them. On the ground I would say that the relationship is pretty sound.

Senator CROSSIN—I have some other questions on the current inquiry we are conducting. I am happy if you want to take these on notice. What staff and financial resources did the OSS allocate for the input into the inquiry.

Dr Johnston—I would have to take that on notice.

Senator CROSSIN—How many OSS staff worked on the submission to the inquiry? You might be able to respond to whether or not any comment was made over the adequacy of the Commonwealth regulatory frameworks for the uranium operations in the Alligator Rivers region.

Dr Johnston—We provided comment in our submission to you.

Senator CROSSIN—Is there anything other than that? Has there been any supplementary comment about the uranium operations in the Alligator Rivers region?

Mr Johnston—We provided two subsequent submissions, as I recall, but they were for clarification of evidence that had been given by other parties.

Senator CROSSIN—Were you ever asked for any advice about the in situ operations in South Australia?

Mr Zapantis—There was a request from the environment assessment branch for some advice, but that was some time ago. As I recall, we did not provide very substantive advice, because we are not very familiar with those operations. There really was not much we could say.

Senator WONG—What was the nature of the request? What were you asked to advise on—the leaching process?

Mr Zapantis—It would have been a question relating to the broad issue of our view of those operations, or proposed operations, at that time. It was some time ago, so I cannot recall the detail. But I do recall that any advice that we did provide would not have been very substantive, because we do not know those sites well. I would have to go back and check our records. I really cannot recall. It was some time ago.

Senator WONG—Did you provide advice regarding the actual environmental impact of those operations?

Mr Zapantis—As I said, I really cannot recall that. I would have to go back and check. I can take it on notice if you like.

Senator WONG—Could you provide copies of that advice?

Mr Zapantis—I would have to seek advice on that.

Senator CROSSIN—Why would you need to seek advice about that?

Mr Zapantis—Because they are internal communications within the department.

Senator CROSSIN—So the advice was not provided to this committee?

Mr Zapantis—No.

Mr Beale—My recollection—and we are probably talking about three or four years ago—is that the Supervising Scientist was never asked for advice formally under his legislation.

Dr Johnston—That is certainly true.

Mr Beale—I think that is what Dr Johnston was recalling. There might have been conversations among technical staff in the environment assessment area and Mr Zapantis, but I cannot recall the department or the minister formally requesting advice.

Mr Zapantis—There was certainly no request from the minister.

Senator CROSSIN—Dr Johnston, what is the current status of the Supervising Scientist's water treatment review and the approach to the broader water managements issues at Ranger and Jabiluka? Predominantly, where is the water treatment review at?

Dr Johnston—Water treatment is an issue at Ranger, not at Jabiluka. The only issue there is a proposal to introduce water treatment of processed water at Ranger. That has gone through a number of stages of assessment, including a prototype which was constructed and operated, and following successful trials of that the company has, as I recall, just submitted an application to install a full-scale water treatment system.

Senator CROSSIN—So you have done the review, you have put in place a number of trials—

Dr Johnston—Not 'we'—ERA.

Senator CROSSIN—The company has?

Dr Johnston—Yes.

Senator CROSSIN—Did you assess whether they were successful or not, or did you do that in conjunction with the company?

Dr Johnston—We did it within the minesite technical committee. We performed our own assessments and we got together and discussed it with the minesite technical committee, which includes ERA, the Northern Land Council and the Northern Territory government.

Senator CROSSIN—Is it correct that the company are now putting in place that trial on a larger scale?

Dr Johnston—No. They are putting in place a full-scale operation of water treatment of the processed water—

Senator CROSSIN—Based on those trials?

Dr Johnston—Yes.

Senator CROSSIN—Is that under way at this point in time?

Dr Johnston—I think I saw the application come in on Monday. So that has just arrived, and now we will assess the application.

Senator CROSSIN—I understand there has been a variation to the Ranger general authorisation. I think it has probably emanated from DBIRD, the Department of Business, Industry and Resource Development. I understand that is the 89th variation. Is that correct? Does that variation come to you or come past you?

Mr Zapantis—Yes. The authorisation is amended several times per year to account for changes in the operations, and all such authorisation amendments are passed through us. We provide comment, as does the Northern Land Council.

Senator CROSSIN—I understand that the new authorisation included changes to the proposed water management plan. Is that correct?

Mr Zapantis—The authorisation makes provision for the water management plan. It requires that there is a water management systems operations manual produced each year, which has to be approved by the regulators and by us. I do not think that has been changed per se. Of course, the water management systems operations manual is revised and approved every year. But the authorisation simply requires that such a manual be produced and approved.

Senator CROSSIN—Did this variation actually suggest that the ground water monitoring be pulled right back?

Mr Zapantis—Over the last several months to a year, ERA, in conjunction with us, have reviewed the statutory and the operational monitoring requirements at Ranger. Arising from that review has been a very significant change in the monitoring regime which is applied at Ranger. To give you a little bit of context, the monitoring regime which was in place at Ranger prior to this change coming into effect had grown up over about 20 years and we all agreed that it was time to take a step back, have a look at it and determine whether or not it was providing the right sort of information to allow us to determine what is important in environmental protection on that site. The outcome of that review was that the monitoring program was focused and changed such that it can provide that sort of information more effectively, we believe. It was also split into a statutory part, which is defined in the authorisation under NT law, and an operational part, which is not defined in regulation but is discussed by the MTC and is flexible so that it can be changed at very short notice—effectively no notice—to take current developments into account.

Senator CROSSIN—Is it the case, though, that the water monitoring used to occur over 60 bores and that it is now happening over four bores on a quarterly basis?

Mr Zapantis—I could not tell you off the top of my head how many bores it used to be. It is true to say that the number of bores in the statutory part of that monitoring program has been reduced, as I said, down—

Senator CROSSIN—To four?

Mr Zapantis—Possibly. I would have to check. But there is also, as I mentioned, an operational monitoring program. That operational monitoring program is quite significant and would include additional bores.

Dr Johnston—I would like to comment on the logic behind the distinction. The operational program that is required and approved is now focusing on the issue of off-site environmental protection, whereas the operational program is much more about how the company manages its business on site. So there are still a number of bores that are monitored by the company on site, but we are happy for them to alter those each year in discussion with us, whilst ensuring that those sites which are a good measure of off-site environmental protection are maintained.

Senator CROSSIN—Will ERA now need to continue to monitor more than those four bores? I understand the variation was to go to four bores. Do they monitor more than four bores?

Dr Johnston—They do.

Senator CROSSIN—Is there a requirement, though, for them to actually put this data on the public record or has that now been deleted? Is there no longer a requirement for that to go on the public record?

Dr Johnston—They go on the public record. Each year, ERA produces an environmental report, and in that report they include not only the results of the statutory program but the results obtained in the operational program for assessment. So in that sense they go on the public record. Also, any information that is obtained in the operational program is available to us and NT regulators and the Northern Land Council at any time on request. So in that sense, again, it is made public.

Senator CROSSIN—Did this latest variation to the general Ranger authorisation reduce the number of bores to be monitored?

Dr Johnston—There would have been a reduction. Some of the bores that were in the old system are actually covered up by expanding rock waste drop dumps and things of that kind and they had to be removed.

Senator CROSSIN—Was there a requirement that ERA no longer needed to produce this information on the public record other than in their annual report?

Dr Johnston—Yes, it was decided that it was sensible to have a distinction between the two types of programs; and, in having two different programs, there could in principle be two different reporting mechanisms.

Senator CROSSIN—Are these sorts of changes discussed with the traditional owners?

Dr Johnston—Certainly the Northern Land Council goes out and discusses them with the traditional owners.

Senator CROSSIN—Do you do that as part of your new Indigenous liaison role as well?

Dr Johnston—No. The principal work in the liaison office is really the operational program of OSS and ERISS in the field out there. That is the principal work that we involve ourselves in when liaising with the traditional owners.

Senator CROSSIN—What led you to the assessment that this would be more effective?

Mr Zapantis—Are you referring to the monitoring program?

Senator CROSSIN—I am referring to the recent changes to the Ranger authorisation.

Mr Zapantis—Quite a substantial review of the monitoring program at that time was undertaken. It included an assessment of the philosophy of what a monitoring program should achieve, an assessment of the site and the potential transport pathways for contaminants leaving the site, and a sound scientific discussion with the MTC, including the Northern Land Council, to ensure that the concerns of the traditional owners were taken into account. Quite a comprehensive review was undertaken by the MTC, with technical papers being submitted for

assessment et cetera, over a period of several months; I cannot recall the exact period but it was quite a substantial period of time.

Senator CROSSIN—Has the Office of the Supervising Scientist increased its use of incident and event based monitoring mechanisms in the last 12 months? Since this time last year, has the office operated differently or is it doing something differently?

Dr Johnston—No. On the whole, the full program that we commenced in the previous year has been fully operational this year. I cannot recall there being any major additions to it. No, I do not think so.

Senator CROSSIN—So the nature and number of monitoring techniques that you were carrying out, say, 18 months ago are the same as they are now. Is that correct?

Dr Johnston—Possibly 12 months ago. We are probably doing a bit more now than 18 months ago but probably the same as 12 months ago. The full biological monitoring program, the full chemical monitoring program and the radiological program have been in place now for over 12 months.

Senator CROSSIN—There have been no changes since the incidents of Christmas 12 months ago?

Dr Johnston—No.

Mr Zapantis—There have been no significant changes. Last wet week season we added a couple of monitoring points to our formal monitoring program of the Jabiluka lease, but that is a very minor addition. There has been nothing which goes to the nature of our monitoring programs in terms of what we do. We do the same sorts of things; we have just added a couple of points.

Dr Johnston—The only other thing I would add is that we keep open the possibility that we are going to undertake specific investigations in addition to the defined monitoring program according to protocol. For example, because there had been placement of new rock on the southern end of the tailings dam during the previous dry season, we ensured that our staff collected additional samples during the early part of the wet season in Gulungul Creek, which was the creek draining that area, just so we would be in a position to assess, had there been any change. That was on top of the standard, routine program.

Senator CROSSIN—Has your office been approached for any advice or comment on whether or not the Northern Territory should host a nuclear waste dump?

Dr Johnston—No, we have not been approached.

Senator CROSSIN—What is the current timing for the commencement of the staged rehabilitation at Ranger?

Dr Johnston—The final mine plan is still not known because it is many years out before they will exhaust ore body No. 3. Typical estimates are that there are still about seven or eight years of mining left at ore body No. 3. That would be followed by several years of milling stockpiled ore, and then we would go into a program of about five years of rehabilitation. We are talking about rehabilitation commencing in about eight to 10 years time.

Senator CROSSIN—Are there any current initial discussions occurring about that?

Dr Johnston—Yes. Every year, ERA is required to submit a revised plan of rehabilitation for the site. Each year there is a plan that says, ‘That is what we expect to happen.’ And each year they look at it again and check. That plan gets costed each year.

Senator CROSSIN—But other than those yearly plans there is no committee or formal structure that has been put in place to look at movement towards rehabilitation?

Dr Johnston—These issues are discussed. In particular, the information that we believe will be required in order to do it satisfactorily is assessed regularly.

Senator CROSSIN—Is there any formal structure?

Dr Johnston—Yes. For example, in the current year, the Alligator Rivers Region Technical Committee is looking at the question of what information needs will be required in order to have satisfactory rehabilitation. The reason we are doing that is to ensure that research programs are undertaken in a timely manner by both ERA and us to ensure that the information will be available when it is needed.

Senator CROSSIN—Is there any discussion or talk from ERA of extending the operating life of Ranger by deepening the mining operations at pit No. 3?

Dr Johnston—I understand that that has now been ruled out. That is only from a verbal conversation between the ERA general manager and me relatively recently in which he indicated that they now do not expect to have any additional mining depth in ore body No. 3, but there is no official correspondence on that issue.

Senator CROSSIN—So there has been no modelling or planning, that option has not been further explored—according to your most recent conversation?

Dr Johnston—My understanding of that would be that they have explored it further and have come to the conclusion that they will not be doing it.

Senator CROSSIN—Were you part of that work?

Dr Johnston—No, that is a mining issue. That is a resource issue that has to be assessed by them.

Senator CROSSIN—Are there any discussions happening about Jabiluka and the rehabilitation of Jabiluka?

Dr Johnston—As we reported to you previously, there has been a commitment to have a full assessment of the long-term water management regime that needs to be implemented at Jabiluka over the next eight to 10 years. We are very close, collectively, to a conclusion on that.

Senator CROSSIN—So there has been no attempt by the mining company to start to rehabilitate the Jabiluka site at this point in time?

Dr Johnston—It depends how you define rehabilitation. What the company has engaged in with the various stakeholders is trying to come to an agreement of what constitutes best practicable technology for water management at that site over the medium to long term until any future development may occur at the site.

Senator CROSSIN—Or may not occur?

Dr Johnston—Or may not occur. But, as you are aware, the company had made a decision that it would not develop the Jabiluka mine to a fully operational level whilst the Ranger mine was operating.

Senator CROSSIN—We still have a stockpile at Jabiluka covered by a tarpaulin, have we?

Dr Johnston—Yes, that is right. During the current review, there are a number of options being assessed, one of which includes the removal of that stockpile and placing it down to decline, filling it up with the water that is currently in the pond and sealing it. That is one of the options that is—

Senator CROSSIN—Under discussion, is it?

Dr Johnston—under serious assessment, yes.

Senator CROSSIN—Is that an assessment that OSS will be involved in?

Dr Johnston—We have been fully involved in it. For example, as part of that assessment there was a detailed ground water study undertaken by the company via a consultant. We have seen that report, we have assessed it ourselves, we have sent it out to external consultants to assess and we have expressed our views on the adequacy of that work. So that has been going on recently and we expect that over the next month or so there will be a final decision on the long-term management of that site.

Senator CROSSIN—Are you aware of an incident that may well have happened at Ranger late last year involving the exposure of roofing workers to elevated levels of radiation at the Ranger mine?

Dr Johnston—Yes, very much so.

Senator CROSSIN—Can you provide me with some details of that?

Mr Zapantis—ERA hired some roofing contractors to replace the roof on a building that abuts against another building that contains the calciner, which is basically a large oven that cooks the final product. In the course of that work they identified some black dust on the surface of the roof, very close to the external wall of the building against which the roof abuts. That dust was later identified by the radiation safety officer at Ranger as being uranium product—that is, the product that they sell. As a result, some monitoring was undertaken by ERA to measure the concentration of uranium product dust in the air in that region, and some calculations were done to estimate the maximum doses that these people could have received. We were involved in assessing that work and in talking directly to the roofers. That is essentially what happened.

Senator CROSSIN—What action did OSS take, following the workers' exposure?

Mr Zapantis—We assessed the work that ERA had done on the measurement of the dust and the calculation of the doses. We went to the site, of course, and inspected the site of the incident. We made some recommendations to ERA about how they ought to respond in identifying the source of the dust—identifying the cause of the incident, effectively. We spoke to the people who were involved to make sure they felt they were being given correct advice; in other words, we provided an independent assessment for them.

Senator CROSSIN—So what has your assessment of the company's evaluation of these workers shown?

Mr Zapantis—The dose the company predicted was in our view a very conservative dose, in that it almost certainly significantly overestimated the dose that these people received.

Senator CROSSIN—Underestimated?

Mr Zapantis—Overestimated. What the company did was calculate a maximum possible dose. We agree that that is in fact the case. The dose that they predicted was a maximum possible dose because the assumptions they used in the calculations were extremely conservative—necessarily so, because of the uncertainties in those assumptions.

Dr Johnston—There has been confirmation of that too, because one of the workers voluntarily agreed to have a urine test, which measured the uranium in a person's urine and therefore the body—

Senator CROSSIN—Do you remember what that reading was?

Dr Johnston—I remember it being half the predicted model according to ERA's calculations.

Mr Zapantis—That is right.

Senator CROSSIN—How was it possible for this situation to develop?

Mr Zapantis—When the roofing job first commenced, the workers were advised to wear protective equipment—that is, airstream helmets and overalls. ERA's concern at the time was that the roof that was there—the old roof—could have all sorts of contamination on top of it. It was an unknown quantity, so they thought it wise to require the people there to wear protective equipment, which was a sound decision, in my view.

Senator CROSSIN—Did the contractors wear that protective gear?

Mr Zapantis—Yes. ERA did not, however, believe that there was a credible risk once the old roof had been removed, so the roofers were not advised to wear protective equipment when the new roof was being placed on that building—and that is when the exposure occurred.

Senator CROSSIN—Does this incident have health implications?

Mr Zapantis—The risks are extremely small. The dose that these people received was similar to a dose you might receive from certain kinds of diagnostic X-rays and was significantly less than you might receive from, say, a CT scan. There is a hypothetical, theoretical risk attached to the dose that they received, but it is extremely small.

Dr Johnston—Wasn't it five millisieverts?

Mr Zapantis—The dose they received?

Dr Johnston—Yes.

Mr Zapantis—The maximum dose that they received was a bit higher than that.

Dr Johnston—I just wanted to put it into perspective. My memory was that the calculated dose was about 10 millisieverts per annum. The measured dose was five millisieverts, and that

compares to what you and I and everyone else gets every year from radiation, which is about two to three millisieverts.

Mr Zapantis—That is actually not quite correct. The calculated dose was closer to 20 millisieverts, and the measured dose, based on the urine sample, was about 10 millisieverts.

Dr Johnston—Yes.

Senator CROSSIN—In your investigation, did you find that there had been any breach of standards? It is probably not your job to look at occupational health and safety issues, but did you find that any operating procedures or environmental regulations at Ranger had been breached?

Mr Zapantis—There were certainly no breaches of environmental regulations that we identified in the course of our investigation.

Senator CROSSIN—Did you look at other operating procedures or other regulations or did you not see that as your role? Would it be another agency?

Mr Zapantis—We did look at it. The issue that we looked at, of course, is the dose limits that apply and which are a legal requirement, and they did not breach the dose limits.

Senator CROSSIN—Are you aware of any action that other NT agencies may have taken in relation to this incident?

Mr Zapantis—Yes, the Northern Territory Department of Business, Industry and Resource Development, the regulator, also conducted an investigation. In fact, the day that I was on site talking to their radiation safety officer and inspecting the area where the incident occurred a DBIRD officer was also out there undertaking a similar inspection. They also participated in the discussions that we had with the workers—the contract roofers—after the event.

Senator CROSSIN—Were they counselled?

Mr Zapantis—We counselled them, yes.

Senator CROSSIN—Was medical advice sought?

Mr Zapantis—We provided them with advice on the risk that they had been exposed to and what it meant. I actually gave them a little PowerPoint presentation to try and demystify radiation and put some numbers up so they could put things in perspective. My impression after that meeting was that they very much appreciated that and they felt very much at ease.

Senator CROSSIN—How many people are we talking about here?

Mr Zapantis—Five or six people.

Senator CROSSIN—Is there an ongoing periodic review or monitoring of these people?

Mr Zapantis—Not that I am aware of. Based upon what we know about the incident, that would not be justified.

Senator CROSSIN—Is your report into this available?

Mr Zapantis—We reported at the last meeting of ARRAC—it may have been the meeting before.

Dr Johnston—It was reported to the Alligator Rivers Regional Advisory Committee. We can give you a copy of that.

Mr Zapantis—It is in our six-monthly report, so I happy to provide you with a copy of that, if you would like.

Senator CROSSIN—Thank you, I would like that. What action has ERA or Rio Tinto take subsequent to this incident?

Mr Zapantis—They have identified the source of dust within the calciner and they have taken action to reduce and isolate that source of dust.

Senator CROSSIN—Who is responsible for ensuring that they do that and do it comprehensively?

Mr Zapantis—Ultimately, it is ERA who is responsible for ensuring that they do that, but we have a role in following up and ensuring that they are doing what they say they are doing. From what we have seen, they have.

CHAIR—Thank you, Dr Johnston.

[10.14 a.m.]

Great Barrier Reef Marine Park Authority

Senator McLUCAS—It is good to see you again. I am going to try and get this done very quickly. We are always very friendly with GBRMPA. On page 307 of the PBS there is a note that explains the moving of the Representative Areas Program and aquaculture out of 1.5.2 into 1.1 and 1.2 respectively. Could you explain why and what changes in funding that meant?

Ms Chadwick—What we have done to give effect to the Representative Areas Program is to adopt a more task-force approach and so there have been some staff adjustments that have been made so that we can have a more effective and efficient process for the development of RAP. For example, we have moved all but two of our planning group over to the representative areas task force. We have moved the GIS unit under the representative areas task force so that we can have, with better coordination, an absolutely focused approach on representative areas. Once we have completed the Representative Areas Program, those units—for example, planners, GIS people and some communication people—will appear as line items under their normal work programs.

Senator McLUCAS—The point I am trying to track is what moneys were moved into program 1.1 as a result of those changes.

Ms Chadwick—I am more than happy to provide details of staff movements and hence budget movements on notice, but in general terms what has happened is that we have taken most of the planners, most of the GIS unit and the work of a lot of our communication and education unit in the development of publications and the like so that we can have this coordinated approach to RAP. I will provide the details on notice.

Senator McLUCAS—Are all of those costs staff costs?

Ms Chadwick—They are largely staff costs or costs such as the production of maps and some technical material.

Senator McLUCAS—I now move to page 309. For the record, can you tell me what the total reduction in revenue from government is?

Ms Chadwick—We have a change in our appropriation which represents a number of factors. Most of them relate to the capital use charge, but there are one or two other matters that relate to the ending of particular programs.

Senator McLUCAS—That was my next question. What is the net reduction in government revenue?

Ms Chadwick—In that appropriation it is \$1.322 million—from \$24.069 million to \$22.747 million.

Senator McLUCAS—And that is made up of the capital use charge changes which—

Ms Chadwick—Yes, the discontinuation of the capital use charge represents 1.267.

Senator McLUCAS—Could you tell me what the other projects that have been completed are?

Ms Chadwick—Yes. We have had \$299,000, which represents an environment management charge offset.

Senator McLUCAS—What does that mean?

Ms Chadwick—Historically, ever since the EMC went up to \$4, there were a range of concessions negotiated by government with the tourism industry. As it turned out, the range of concessions has, over time, been of a higher value than had been anticipated. As a result, we have received supplementation from Treasury as an offset on the cost of those concessions. However, in line with government policy, we will be undertaking a review of those concessions so that we can achieve a better balance. We have been advised, and have known for several years, that this offset from Treasury would be lowered and, over time, discontinued and that we would be expected—quite rightly—to do a review of that concession regime.

Senator McLUCAS—Are those concessions for seniors cards? Can you give me a practical example?

Ms Chadwick—For example, it may be that if a tourist operator has an operation that goes out for longer than three days then the amount of EMC payable is reduced. It could well be that, over time, more tourism operators run trips that go over three days and hence the lost revenue becomes larger than anticipated.

Senator McLUCAS—Do you have a list of those types of concessional payments?

Ms Chadwick—We do, but I would have to take that on notice because—as often happens in negotiations with any industry—the list of payments is long, complex and extensive.

Senator McLUCAS—If I could get the list of those, that would be great. Are there any other projects that have been discontinued?

Ms Chadwick—You may recall that the government provided the marine park authority with funding when we took over responsibility for the aquaculture regulations in Queensland. That amount reduces over time. So it was anticipated and in line with the agreement when we first got that funding.

Senator McLUCAS—You may want to take this on notice, but could I have the actual figure of reduction for those two projects—the concession payments and the aquaculture allocation.

Ms Chadwick—We are happy to do so. In terms of the reduction in aquaculture, quite logically in the first year of that funding it was a higher figure because we were buying equipment to do with the testing of water quality and so forth. It is quite logical and anticipated that the figure would have reduced.

Senator McLUCAS—And that figure will add up, with the capital use charge changes, to \$1.332 million.

Ms Chadwick—I certainly hope it does.

Senator McLUCAS—So do I. If there are other projects that have completed their life, I would like to know what they were so that I can work out where that reduction actually can be attributed.

Ms Chadwick—Yes.

Senator McLUCAS—Over the page there is the heading ‘Revenue from other sources’. Mr Beale has provided us with a document that may assist this explanation as well. Could you tell me the figure for the total reduction in revenue from other sources?

Ms Chadwick—Yes. There has been a reduction in cost recovery from the developer funding the monitoring for Nelly Bay Harbour. That is anticipated to be in the order of \$780,000, but I quickly add that that is budget neutral.

Senator McLUCAS—What do you mean by budget neutral—money in, money out?

Ms Chadwick—Yes.

Senator McLUCAS—And that is the developer contribution at Nelly Bay Harbour?

Ms Chadwick—Yes.

Senator McLUCAS—I suppose the first question is: what is the total reduction in revenue from other sources? Then we can separate them out.

Ms Chadwick—Our estimate at this stage is that it is going to reduce by \$2.033 million. There is the Nelly Bay matter that I have already addressed. A second matter is that there was funding made available under the National Moorings Program for moorings in the Great Barrier Reef. That funding was received and has been expended, so that is the end of that program.

Senator McLUCAS—Do you have that figure with you?

Ms Chadwick—No, but it is easy to provide it and I am happy to do that.

Senator McLUCAS—Thank you. Where did that money come from?

Ms Chadwick—It came from the National Moorings Program.

Senator McLUCAS—Where is this program situated?

Ms Chadwick—It is in Environment Australia. The third reduction is that last year we were fortunate—and again my thanks go to Environment Australia—enough to receive

National Heritage Trust funding to assist in the planning for the 28 new areas that came into the marine park. That was \$1 million for one year and, hence, does not appear in this upcoming budget.

Senator McLUCAS—Will those two figures add up to \$2.033 million?

Ms Chadwick—I certainly hope so.

Senator McLUCAS—I now turn to Reef HQ income. I note from answers to questions on notice that income did not quite meet the estimated target by \$255,000, and you have explained that, thank you. How are we going from that date? Where are we with that?

Ms Chadwick—I do have some details here which I am more than happy to provide.

Senator McLUCAS—That would be good, thank you.

Ms Chadwick—It would appear that we are still a couple of hundred thousand dollars down. We had an aberration, which I really cannot explain, in March of this year where we had a very high number of people through the doors of Reef HQ—namely, 5,853, which is certainly up on previous years and the time prior to refurbishment—but in fact the value went down. It means that, for whatever reason, in March of this year we had an extraordinarily high number of pensioners and concession holders coming through the door. Why that should be so I have no idea, but that is the reality. So, despite the high numbers through the door, there was an extraordinarily high number of concessions and that kept our income down.

Senator McLUCAS—You are suggesting that we are about \$200,000 down to this point in time.

Ms Chadwick—Yes.

Senator McLUCAS—You are obviously reading from a table. I am happy if you want to table that or provide it to me on notice. What I am looking for is tracking monthly visitation levels and income. I am also interested in knowing how that refers back to the business plan.

Ms Chadwick—I am happy to provide that but, with your indulgence, I will not table this particular one simply because I have written my notes on it.

Senator McLUCAS—I am sure they are very informative. Could you give me that tracking on where we are going?

Ms Chadwick—I am happy to.

Senator McLUCAS—Maybe a lot of children went there in March.

Ms Chadwick—It is either children, which is a wonderful thing, or very old people, and that again is a wonderful thing. Lifelong learning is a great thing.

Senator McLUCAS—Can you track for me where the reef tax appears? It is on page 310.

Ms Chadwick—The EMC comes in as our second appropriation.

Senator McLUCAS—So reef tax does not appear on that page.

Senator Hill—We do not have a reef tax; do not tease us like this.

Ms Chadwick—It is an environment management charge.

Senator McLUCAS—In North Queensland it is commonly called the reef tax, as you are quite aware, I am sure.

Senator Hill—If we do not object, you will claim we have made a concession.

Ms Chadwick—The appropriation is around 6.7.

Senator McLUCAS—Yes.

Ms Chadwick—But as you are aware, we collect the EMC, it is provided to consolidated revenue and then returned to us as a separate appropriation.

Senator McLUCAS—And that appears in appropriation 2. Do operators pay GST on the reef tax?

Ms Chadwick—That is a very interesting point and is a matter which is currently under discussion with the Australian Taxation Office.

Senator McLUCAS—I understand previously they did not.

Ms Chadwick—It was certainly the understanding of a number of people, including tourism operators, that GST was not payable on the EMC. As a result, while each individual operator has made their own arrangements with the Australian Taxation Office, I believe the majority of tourism operators in the GBR did not believe that GST was payable on the EMC. The ATO has conducted a review of some operators—I am not sure how many—and holds a different view. As I understand the situation, that is currently the matter of a debate with the tax office.

Senator McLUCAS—How are you involved in that discussion?

Ms Chadwick—It is not a direct responsibility of the Great Barrier Reef Marine Park Authority, but both the authority and our minister, Minister Kemp, are concerned to ensure that there is appropriate consideration of the matter in light of a belief that the tourism operators held that it was in fact not liable for GST. I can say very little else. The matter is, as yet, unresolved.

Senator McLUCAS—Are you aware of a press release—I cannot remember whether the former environment minister or the former Treasurer issued it—which stated that GST would not be applicable to the reef tax or environment management charge, however described?

Ms Chadwick—I do not particularly recall that.

Senator Hill—My memory, which is subject to checking, is that we did say it would not be subject to reef tax and that was the advice we got from finance agencies. My memory is that is what we told the operators at the time. This was at the time of a long and tortuous debate in revising upwards the EMC. If the tax office has a different view—of course it is an independent agency and I do not think that it was a party to the discussions that took place some years ago when we formed the view that the EMC would not be subject to the GST—and has now come into the debate, that is something the government is going to have to address. There are clearly a number of ways in which that could be done.

Senator McLUCAS—Are you aware what the trigger for this event is?

Senator Hill—I assume the tax office is saying that it is not a tax, which you will be pleased to hear. If it were a tax, as I understand, you do not charge GST on it because you do not tax a tax. So it is good news in a way, but it is a problem in another way.

Senator McLUCAS—The question is whether or not the EMC is a tax or a charge?

Senator Hill—I am not party to the details of this, but I suspect that is the argument. Is that right?

Ms Chadwick—I reinforce that it is not my direct responsibility, nor do I claim to be an expert on tax, but as I understand the situation there was a Treasurer's determination of areas of government activity relating to charges that were exempt from the GST. That was at the time of the introduction of the GST, and the environment management charge appears on that list of exemptions. Many marine tourism operators hence made a business decision based on that and various reassurances that Senator Hill has referred to. In recent months the Australian Taxation Office, in reviewing some operators, appears to have taken a different view and appears to believe that the exemption relates to the Great Barrier Reef Marine Park Authority not paying GST on the EMC, as opposed to the operators themselves. As I understand it, it is that matter where the operators are having discussions with the tax office.

Senator McLUCAS—So if the ATO comes to a view that the GST should be applied, will you collect that or will the operators remit that directly to the ATO?

Ms Chadwick—I do not know the answer to that. Would you have a view on that, Mr Barrett?

Mr Barrett—The EMC is exempt from GST under the Treasurer's determination. The issue is whether the revenue collected by operators from people going out on their vessels or on their operations should be all subject to GST, or whether the EMC component is exempt. The tax office view at this stage is that money paid by the operator to GBRMPA would be exempt from GST, so we would not be collecting GST.

Senator McLUCAS—You are not caught up in it. If you could take this on notice: please provide me with the total amount of GST that has been paid by GBRMPA since the introduction of GST.

I will now go to staffing questions. In your question on notice you advised me that the total staff at 31 January 2003 was 160.45. In the budget papers you are saying that total staffing is 165. Can you tell me how many staff we have employed EFT?

Mr Barrett—Could you just repeat the last part of the question?

Senator McLUCAS—How many staff do we have currently employed by the authority?

Mr Barrett—When we provided the information in response to the question on notice, there were some positions unfilled at that stage and, as always, there is some turnover, so those positions are probably filled and there are probably some other vacancies that have arisen since. So the staffing figures at the moment would be around 160 to 165, but I would have to take it on notice.

Senator McLUCAS—Could you take it on notice so I can get the actual figure? I suppose the other question is: have we ever had 165 staff?

Ms Chadwick—EFT?

Senator McLUCAS—EFT.

Mr Barrett—Yes, we would have.

Senator McLUCAS—In the last six months?

Mr Barrett—Yes.

Senator McLUCAS—Perhaps then you could just provide me, from 1 January 2003, with the actual EFT staffing numbers at the end of each month?

Ms Chadwick—We can do that, can't we, John?

Mr Barrett—Yes.

Senator McLUCAS—In fact, if you follow the table that you provided me last time, that would be useful.

Mr Barrett—Certainly.

Senator McLUCAS—My last question—given that we have pressures of time on our committee I will put the rest of them on notice—is about the crown-of-thorns starfish and funds. What output did the contribution from GBRMPA come from?

Mr Barrett—Out of the tourism program.

Senator McLUCAS—Out of tourism—and it was how much?

Mr Barrett—It was \$150,000 this year.

Senator McLUCAS—That is, 2002-03?

Mr Barrett—Yes.

Senator McLUCAS—And in 2003-04?

Ms Chadwick—The funding contract ends in September.

Senator McLUCAS—So GBRMPA essentially paid only \$150,000?

Mrs Chadwick—No, we paid \$350,000.

Senator McLUCAS—Where does the other \$200,000 come from?

Mr Barrett—It is in the previous financial year.

Senator McLUCAS—I understand that GBRMPA is once again being asked to pay half of the \$700,000 that the Commonwealth will commit to COTS.

Mrs Chadwick—It is my understanding that the marine tourism industry has sought assistance from both the Queensland government and the Commonwealth government. I have no knowledge at all of what the response of the Queensland government may be. I am aware that Minister Kemp is very sympathetic to the plight of the tourism industry, with COTS being just one of the many pressures they face at the moment. While there has been no formal resolution of the matter, it would be my understanding that if possible his sympathy may well extend to further support for the industry.

Senator McLUCAS—Would that be over two financial years again?

Mrs Chadwick—I do not think that matter has been formally resolved. While I have enormous sympathy for, and strongly support, the marine tourism industry, it is my belief that perhaps funding sources external to GBRMPA may assist this time around.

Senator McLUCAS—That would be good. I will put on notice a lot of other questions that we do not have to go through.

Proceedings suspended from 10.42 a.m. to 11.01 a.m.

CHAIR—We will now resume our examination of the Great Barrier Reef Marine Park Authority.

Senator BARTLETT—A lot of my questions have been covered by the incisive questioning of Senator McLucas; I will not traverse that territory again. I am curious about the drop in the revenue from developer funded monitoring from \$891,000 to \$105,000, which links to Nelly Bay. I noticed you said that it was revenue neutral. Does that mean less monitoring needs doing and it is all going swimmingly?

Ms Chadwick—Only a brave person would ever say that in relation to Nelly Bay Harbour. I am happy to tell you that it is almost completed, but I will defer to Mr Tanzer, if I may.

Mr Tanzer—At this stage the final works—that is, the issue of flow under the bridge—are under way and, in anticipation of that being concluded in the near future, we are expecting that GBRMPA's activity associated with Nelly Bay will drop off dramatically. Hence, the need for us to recover costs associated with environmental management of the project will decrease. When we say 'the developer', the permit holder is the state of Queensland, and so that is revenues that we get paid are for costs incurred in the environmental management of Nelly Bay. We cost recover those from the Department of State Development in Queensland.

Senator BARTLETT—Is that how the state department considers itself—as the developer? It is a bit like Lang Park stadium.

Mr Tanzer—They are managing the development on the behalf of the state of Queensland.

Ms Chadwick—The permit for the development is held by the state of Queensland.

Senator BARTLETT—Are they planning a big opening ceremony, with schoolkids from the developer's electorate when it is finished?

Mr Tanzer—I could not comment.

Ms Chadwick—I could not speak on that, but we all look forward to the opening.

Senator BARTLETT—The total funding for the upcoming year is listed as \$30.562 million. According to this report entitled *Investing for a sustainable Australia: Commonwealth environment expenditure 2003-04*, last year's funding was \$33.9 million. I know you have had a drop of around \$2 million in receipts from independent sources and that the environmental management charge is the same, so it would seem that your core revenue is dropping by a bit over a million dollars. Is that correct, or am I missing something?

Ms Chadwick—You would be aware that the government has discontinued the capital use charge, which is, in a sense, cost neutral. That represents \$1.267 million and, hence, a fair swag of the apparent reduction. Nelly Bay Harbour, which you have already raised, is cost neutral, and that represents around \$780,000. As I mentioned earlier, we were fortunate last

year to receive a million dollars to assist with the zoning of the 28 new areas that have come into the marine park, which was a one-off. The other factor was a program of moorings funded through the National Moorings Program, and that program has been completed.

Senator BARTLETT—Basically, looking through the forward estimates, you have \$30.6 million this year. I know that forward estimates can change but at the moment in terms of your planning it is basically sitting at around \$31 million. Is that even keeping pace with the CPI?

Mr Barrett—The appropriation figures are indexed under current arrangements for forward estimates, so it would keep pace with expected price changes.

Senator BARTLETT—The \$1 million grant that you got was obviously very welcome and a great commendation to the department and all those sorts of things—and I guess that recognises the enormous amount of work that needs to be done. As I understand it, the proposed rezoning of the rep areas proposals will be released next week; that will be another grand day for everybody. Surely you would need extra resources to implement that further, particularly if it does get widely welcomed and adopted overnight with rousing applause all round. There would be a fair bit of work in the management, because there will be a greater number of protected areas to try to oversee with the same budget. That is going to be a bit difficult, isn't it?

Ms Chadwick—Thank you for your very kind comments on the rep areas program. Yes, it is our hope that our minister will in fact launch that second round of consultation next week. I hope you are correct, and I believe you will be proven correct, that this will be widely applauded and seen as a major step forward in the protection of the marine environment in Australia. This is quite a landmark program and we are all very proud of the initiative.

As you know, we have in fact covered the rep areas program so far from within our existing budget. Presuming that the broad community is by and large supportive of the program and presuming that Minister Kemp and the government are happy with the product that we propose, it would be our hope that we could have the new zoning in by, perhaps, the end of the first quarter next year. That is only a prediction on my part, because, as we all know, there are many things that can happen in the course of public consultation. I remember the last time, when we thought we had 2,000 submissions we got over 10,000, so a whole range of things could slow down the process or make it more complex.

If we were to presume that the program is completed to the point of proclamation by the end of the first quarter next year, that is about the time that we would be considering our budget for the forthcoming year and would be in a much better position to predict and promote a sense of what funding may be needed for the next phase, which is the actual practical implementation. This would of course require a fair amount of education—changing of signs at boat ramps and the like—but I do believe that on our current program we are well advised to wait and consider it in light of the next budget.

Senator BARTLETT—I know this matter that I am about to raise is not in your funding but I presume you have some knowledge of it. Extra funding was announced at the end of last year, but it was reannounced in the budget, for the Great Barrier Reef coastal wetland protection program. With that \$8 million over five years, I gather there was a hope or a desire

that the Queensland government would kick in some money, plus extra money on top of that from the Natural Heritage Trust and the national action plan—I think up to \$31 million in total.

Ms Chadwick—That is a matter for Environment Australia.

Senator BARTLETT—I know that the funding does not come to you, but how much input will the authority have on the allocation of that—ensuring that it actually is used with maximum effectiveness?

Mr Beale—We have a team which is working seamlessly. Dr O’Connell is working with Virginia—it is a very tight team—around making sure that we protect the quality of the Great Barrier Reef lagoon water. I do not know whether either of my colleagues would like to describe that arrangement.

Ms Chadwick—I simply say what I have said on many occasions in other fora, and that is how proud I am of the way that Environment Australia and the Great Barrier Reef Marine Park Authority have worked together with other Commonwealth agencies and with the state of Queensland. As we all know, quite sadly it is not always the case that you can actually get this close cooperation and conjunction of minds. In this case it has been highly successful. I believe that the result will be better for this close cooperation.

Senator BARTLETT—One of the things I will be interested in, if it is appropriate to raise this now, is the progress of the implementation of that program. I cannot remember the date that it was agreed to, but I think it was towards the end of last year. I am interested in whether there has been any community input into the wetlands program and what is planned for that and also whether, in the approach of the Queensland government, that funding from them is likely to appear or, indeed, has already been agreed to.

Mr Beale—With your indulgence, Chair, we can take this question now, even though it is departmental.

Dr O’Connell—The program of course does not start until next year. The minister has approached the Queensland government on the issue of the joint funding, which was part of the package. As you know, it is a \$16 million program. The government has allocated \$8 million and is looking to get the Queensland government to commit to a \$8 million share as well. This is all over and above the NHT money for wetlands programs in Queensland.

Senator BARTLETT—Did you say the Queensland government has agreed to commit that?

Dr O’Connell—No. The minister has approached the Queensland government. We have not yet finished the discussions on that issue with Queensland. The design of the program very much would involve, we hope, the Queensland agencies as well as GBRMPA, and then there is a range of specialists in the field and non-government stakeholders whom we would also want to engage in the development of the program. But, essentially, this forthcoming year will be the commencement of it.

Senator BARTLETT—So the implementation process—the establishment of the catchment committees or something like that; I cannot remember what it was now—is in train at the moment?

Dr O'Connell—There is a distinction to be made between the natural resource management bodies that operate under the NAP and the NHT. Those processes will give effect to most of the actions under the reef water quality protection plan. The specific program on protection of coastal wastelands will operate in parallel and in sympathy in that, but once we understand which are the key wetlands for the purposes of the protection of water quality we will essentially be targeting those areas quite specifically.

Senator BARTLETT—And you will have community input in identifying those?

Dr O'Connell—Absolutely.

Senator BARTLETT—Returning to the rep areas, what actually happens from next week? Where does it go from there in terms of a time line? I know you said that you have a goal of the first quarter or second quarter of next year—or the last quarter of the financial year or whatever—but I would like a little bit more detail, if it is released with wide acclaim next week, about what happens from there.

Ms Chadwick—In broad terms, we have a communication and consultation plan that takes us over the next nine weeks to about 60 or 70 centres up and down the coast of Queensland and into a little of the hinterland. In addition, we have others, including the executive, who are talking to major organisations, major stakeholders. By next week we should have in the mail a full set of material welcoming and encouraging submissions to every of the 10,000 people who made submissions last time. We will have material on public display, whether it happens to be in libraries, local council offices and the like. There will be advertisements in newspapers. I guess, in essence, we are doing everything we think is possible to ensure that the public is aware that this is a draft, that their comments and suggestions are more than welcome. In addition, the whole set of maps and written material will be on the web site and easily accessible so that people can go into the web site and, if necessary, focus in on their particular area of interest—and they can make submissions on the Web. So there is a range of activities that we are undertaking to ensure that the public do have every opportunity to express their view on the draft plan.

Senator McLUCAS—When will the submissions close?

Ms Chadwick—On 4 August. So that is about nine weeks.

CHAIR—I thank Ms Chadwick and the officers from GBRMPA.

[11.19 a.m.]

National Oceans Office

CHAIR—I welcome Mr Tucker and Mr Sullivan.

Senator WONG—I want to ask some questions about the oceans policy implementation arising out of the budget. Am I correct in understanding that the policy commits the government to a major review every five years?

Mr Tucker—That is correct.

Senator WONG—Isn't it the case that the first of those reviews was to be provided to the National Oceans Ministerial Board in October last year?

Mr Sullivan—The review was undertaken September to October last year and the results of the review were provided to ministers on the National Oceans Ministerial Board late last year.

Senator WONG—How much did the review cost?

Mr Sullivan—The total cost of the review in terms of consultants was \$175,000.

Senator WONG—What about departmental costs like staff allocation and so forth?

Mr Sullivan—There was a staff cost in terms of the secretariat services provided to the independent review. That has not been specifically quantified in terms of the number of hours and costing it out, but it was probably two staff on a part-time basis working for some periods on a full-time basis—there were peaks and troughs in the workload.

Senator WONG—Did that \$175,000 come out of your officers' allocation or was that a separate appropriation?

Mr Sullivan—No, it came from the officers' appropriation.

Senator WONG—Is that for work conducted over two months?

Mr Sullivan—Yes.

Senator WONG—Who were the consultants?

Mr Sullivan—The independent reviewer was Dr Norton. Dr Norton used two other consultants, who provided advice on two other key themes of the review. One was KPMG and the other was Simon Woodley, who provided the scientific and technical advice.

Senator WONG—How was Dr Norton chosen? Was it put out to tender or was there some other process?

Mr Tucker—Five names were developed.

Senator WONG—By whom?

Mr Tucker—By us, in consultation with other parties who have some experience in this field. Because it was a review on the government's behalf, the choice of the consultant was made by the Minister for the Environment and Heritage. We put the names and qualifications of the various people to the minister and Dr Norton was selected.

Senator WONG—Has Dr Norton previously worked for the office?

Mr Sullivan—No, not as I understand it.

Senator WONG—You said Dr Norton also contracted with KPMG and a Simon Woodley. Whose decision was that? Was that Dr Norton's, the officers' or the minister's decision?

Mr Sullivan—The selection of those consultants was done through a select tender process in consultation with Dr Norton in his capacity as the independent reviewer.

Senator WONG—Are the findings of the review public?

Mr Tucker—The review is available now on our web site.

Senator WONG—Is the government's response to the review available?

Mr Tucker—The government's response is essentially contained in the budget documentation in terms of the future of the agency, its funding levels and its remaining status as an executive agency, plus the institutional structures that it has put in place for the ministerial board and a secretary's board. Essentially, they are contained in the budget announcements.

Senator WONG—The budget announcement of 13 May refers to funding for your office, and I will come to that in a moment. Was there another announcement that sets out the response to the review?

Mr Tucker—Of the main areas of the review, certainly one is associated with the funds and one is associated with its ongoing status as an executive agency, and I believe that the documentation that accompanied the budget in relation to the Minister for the Environment and Heritage and the responsibilities of the chair of the ministerial board also contained information about the institutional structures associated with the continuation of the work of the office.

Senator WONG—Are there any other areas, other than the institutional area and the continuation of funding, where recommendations were made?

Mr Tucker—There were other areas. They were all agreed to by government. Some of them were, if you like, straightforward operational issues for us as an organisation. They were not of such significance that a minister needed to announce them. But they were all agreed to by the government and pursued.

Senator WONG—Are you able to point me specifically to which aspect of the ministerial statement contains a response to this review? Or is there a document somewhere which sets out clearly the government's response to each of the recommendations?

Mr Tucker—There was certainly documentation accompanying the budget in the form of a press release. If you have not got it available we can—

Senator WONG—Is this the one that announces \$18 million of new funding for you?

Mr Tucker—Yes.

Senator WONG—I have to say that I have got the text of that in front of me and it does not even refer to the review.

Mr Tucker—It does not refer to the review but the review formed the basis for making some of those decisions.

Senator WONG—Fair enough, but what I am asking is whether there is some document which clarifies precisely what the government's responses are to each of the recommendations. Perhaps we should start with that, Mr Sullivan: how many recommendations were there?

Mr Sullivan—There were 19 recommendations.

Senator WONG—And these are all on your web site?

Mr Sullivan—They are.

Senator WONG—Do we have a government response to each of the 19 recommendations?

Mr Sullivan—The decision to make the review process public has only been taken in the last couple of days. As well as the budget announcement that underpinned the decision in terms of the level of funding for the office through the budget process we are also in the process of finalising a document which summarises for all stakeholders—there were a number of stakeholders consulted with respect to the review process—the major features of the outcome and the government's response to those in general terms. Stakeholders will also be briefed over the coming days through the National Oceans Advisory Group who played a critical part in that.

Senator WONG—Do I understand that there is a document being prepared which will summarise the government's response to the 19 recommendations?

Mr Sullivan—Not in specific terms of the 19 recommendations but the general nature of the findings and the general nature of the response. In terms of the government's response to the recommendations, Mark referred to the fact that the government has pursued and considered all the recommendations. It is reasonably obvious in reading it. It is unfortunate that you do not have a copy of that in front of you.

Senator WONG—The press release?

Mr Sullivan—No, the review and the recommendations.

Senator WONG—When was the review put onto your web site?

Mr Tucker—I do not know the exact time. But, as Mr Sullivan said, the decision was taken a couple of days ago, and I asked for it to be put up as soon as practicable.

Senator WONG—Just in time for estimates.

Mr Tucker—Timing can always be coincidental, but it was asked to be put up as soon as practicable.

Senator WONG—Did you say the review was completed in October last year?

Mr Sullivan—Yes.

Senator WONG—Was it provided to other ministers shortly after that?

Mr Sullivan—The outcomes of the review were then a matter for cabinet consideration in the lead-up to the budget.

Senator WONG—Who made the decision not to make the results of the review public?

Mr Tucker—There was no decision not to make it public.

Senator WONG—Well, it was not made public until two days ago, so who made the decision not to make it public until two days ago? Was that a ministerial decision or was that a decision made by your office?

Mr Tucker—No, as Mr Sullivan said, there were certain decisions relating to the recommendations that had to be made in the budget context. They were the subject of considerations of the government in formulating the budget, so it was not necessarily appropriate to release the document until those decisions had been made. We specifically briefed the minister about making the document public and received advice back from the minister that he was happy to do so.

Senator WONG—When did you brief the minister about making the document public?

Mr Beale—I discussed this matter with the minister in recent days. As soon as he received the advice that it was now appropriate that the document be made public, he made the document public. I do not know when the office wrote the brief, but it only came up in the last couple of days.

Senator WONG—When was the brief prepared in relation to the review? When was the minister first advised about the completion of the review? Presumably in October.

Mr Tucker—The completion of the review? That is correct.

Senator WONG—And there was no suggestion then to make it public?

Mr Tucker—As I said previously, a number of the decisions had to be taken in the budget context—

Senator WONG—Yes, I understand the rationale; I am asking about timing. So there was a decision made that the review would not be made public until after the budget was considered?

Mr Beale—I do not believe that this matter came to the minister for a decision until the last few days.

Mr Tucker—That is right.

Mr Beale—Certainly, I was with him when the matter was raised; I do not think any of the National Oceans Office staff were, although there was a written brief. When he read the brief, he said, ‘It is appropriate to release this report and put it on the web site.’

Senator WONG—That is not quite correct, though, Mr Beale, is it? The minister was aware, presumably, after the review was complete that the review had been completed; is that not right?

Mr Beale—Clearly the report was provided to him. It is quite normal to release a report when you have made the decisions that are required by the recommendations of that report. The government has made those decisions. The last of them were made in the context of the budget and, therefore, those decisions having been made, and the independence of the office having been reaffirmed, it was appropriate to put it to the public. That has been done.

Senator WONG—I would like to turn to the draft south-east regional management plan which I understand is the first of the management plans that you are undertaking as part of the oceans policy; is that right?

Mr Tucker—That is correct.

Senator WONG—I understand that there was a commitment to release the draft in March this year; is that right?

Mr Tucker—That is my understanding. I have been acting in the position for the last six weeks.

Senator WONG—So it is not your brief. What about you, Mr Sullivan? Were you aware of a commitment to release this plan in March?

Mr Sullivan—There was a commitment in our time lines, which were put out as part of the release of the assessment products in May last year, which flagged March as a time limit. I am reasonably sure of that.

Senator WONG—Has it been released?

Mr Tucker—No, it has not. We are still in the process of formulating the draft plan. Our current time line is subject to ministerial consideration of the document and will probably be in July sometime.

Senator WONG—Why the delay?

Mr Tucker—As you said in your opening remarks, it is the first one that is being done. It is a very complicated activity—we are talking about an area of two million square kilometres of ocean. It also has to involve very wide stakeholder consultation and very wide consideration within government. Because it is an integrated plan, it covers all areas of government activity. I suspect that, at that stage, the people underestimated the complexity and length of the task.

Senator WONG—It is a very expensive task too, isn't it?

Mr Tucker—Yes, it is quite an expensive task.

Senator WONG—As I understand it, it involves quite a lot of detailed mapping as well; is that right?

Mr Tucker—One of the things that we are very pleased to have done in conducting the work is to add to the scientific knowledge base of the area. It has not only been useful scientifically but has also been quite dramatic in its presentation of what we did not know before about our ocean environment.

Senator WONG—Would you be able to give us some indication of how much has actually been expended thus far in relation to the south-east regional plan?

Mr Sullivan—I would have to take that on notice, in terms of the discrete figures specifically for the south-east.

Senator WONG—I do not think it is disaggregated in the budget papers.

Mr Sullivan—No. Regional marine planning is disaggregated from oceans policy in our structure, but the total figure is not just for the south-east, because we have begun a regional marine planning process in the north of Australia and in the Torres Strait. The majority of the funds for our regional marine planning are for the south-east, but there are also major scientific expenses for supporting national marine programs to underpin future regional marine planning exercises.

Senator WONG—Are you at least able to tell me what is currently budgeted in total for the regional marine planning processes?

Mr Sullivan—It is \$7.287 million for this financial year.

Senator WONG—Are you not able to give me a ballpark estimate of how much of that is being spent on the south-east?

Mr Sullivan—In terms of the current financial year or from the start?

Senator WONG—To date and the current financial year.

Mr Sullivan—For that we would have to go back into the records and try to disaggregate some of the national work.

Senator WONG—Are we looking at having spent one-seventh of it or half of it?

Mr Sullivan—In terms of our overall expenditure I would have to go away and clarify it, but my reaction would be that it would be about half of it.

Senator WONG—So you have spent about half of the total budget allocation for regional marine mapping on the south-east?

Mr Sullivan—No. It is supporting the regional marine planning process in the south-east. It is not just the mapping work but also the stakeholder consultation work.

Senator WONG—So of the budget allocation for the regional marine planning process you have spent about half on the south-east.

Mr Sullivan—That would be a rough estimate.

Senator WONG—And you have not completed it yet?

Mr Tucker—That is correct, Senator. It is still under development.

Senator WONG—We have eight more to do; is that right?

Mr Tucker—The policy envisages plans going around the whole of the country. This is, as I said before, the first one. We are learning a lot from it. My view—and I know the view of the people involved in doing the planning—is that, as a result of this learning experience, we will be quicker and will be able to do a more timely and tidier job in the other regions.

Senator WONG—How many states have signed on to the oceans policy since its release in 1998?

Mr Tucker—No states have formally signed on to the policy but we have made substantial progress in working with the states on regional marine plans and national involvement in oceans issues. In terms of the north region, we have a memorandum of understanding with both the Queensland and Northern Territory governments to be involved in the scoping phase of that plan and we will continue to work with those governments to have more close involvement in all aspects of the planning process. In terms of the south-east region, we have a Commonwealth-state reference group that we involve in the work we are doing in the south-east. We have very good relations there. In terms of the national picture, the Natural Resource Management Ministerial Council, which is a Commonwealth-state ministerial council, has agreed that officials develop for its consideration a national approach to ocean issues and, from memory, it is for consideration at the October meeting of the ministerial council.

Mr Sullivan—That is right.

Mr Tucker—I should also say that in our view those discussions are progressing positively.

Senator WONG—The policy does contemplate, though, the states signing up to an agreement with the Commonwealth, does it not?

Mr Tucker—It does do so, yes.

Senator WONG—Given that none apparently have, are you able to identify some of the reasons for that? Have there been funding requests on the table from the states?

Mr Tucker—I do not know all the history, Senator, being in the position I am in currently. Certainly from the things I am aware of, I think a lot of it is because this is such a new process that they are not quite sure what it is going to turn into.

Senator WONG—It is five years old now, is it not? The policy was released in 1998—that is, half a decade ago.

Mr Tucker—State governments can be incredibly conservative on some of these matters.

Senator WONG—Have there been any requests or discussions about the Commonwealth providing funding to the states and territories—the states particularly—in relation to the oceans policy?

Mr Tucker—The oceans policy is more than just the National Oceans Office.

Senator WONG—I understand that.

Mr Tucker—There are other activities funded under the oceans policy, some of which could be going towards state governments. I do not have a complete picture at my fingertips.

Senator WONG—I am not asking what actually is. I am asking: is one of the issues that is preventing the states from signing up to the oceans policy a request from the states for Commonwealth funding regarding the policy?

Mr Tucker—Not that I am aware of, no.

Senator WONG—Is the Commonwealth proposing to provide any additional funding to the states in order to facilitate their engagement in the national oceans policy?

Mr Tucker—It would not be a usual thing that we would put on the table, but there may be circumstances where we see benefit in funding specific projects or activities that may help take us forward.

Senator WONG—I think you said that the northern region management plan is commencing. Is that right?

Mr Tucker—That is correct.

Senator WONG—What are the projected time lines for the development of that plan?

Mr Tucker—The projected time lines are for the plan to be in place by the end of the next calendar year—that is, 2004.

Senator WONG—December 2004?

Mr Tucker—Yes.

Senator WONG—When did you commence it?

Mr Tucker—The preliminary work is under way at the moment. I am not sure what the commencement date would have been.

Mr Sullivan—We started cooperative work with the Northern Territory and Queensland on the Gulf of Carpentaria and the Arafura Sea earlier this year. The emphasis this year is to get an agreed scoping report which will outline the planning issues that will need to be addressed

the following year. At that point, the state governments will assess their ongoing involvement. They have made an agreement that is interim in terms of this phase of the process and then it will be up for consideration.

Senator WONG—When did you first start working on the south-east regional management plan?

Mr Sullivan—In relation to the original time lines, the office released its first products on the south-east—I was not with the office then—in early 2000.

Senator WONG—That was three years ago.

Mr Sullivan—The process began with the forum, and then there was a scoping report and an establishment time to establish the office as an independent executive agency, which took some months.

Senator WONG—Just to clarify: it will take you 3½ years, currently on the time lines you have outlined, to get the south-east plan, but you anticipate the northern plan to be done in two years. Is that right?

Mr Tucker—That is correct.

Senator WONG—Going back to the funding issue—and you may need to take this on notice—you gave me the figure of \$7-odd million for the management plan development.

Mr Tucker—Yes.

Senator WONG—Presumably you have done some internal costings on what it will cost to do fully the south-east plan and the northern plan, given that you are working on them. Are you able to provide those? If you have done them for the remaining seven regions, could they be provided?

Mr Tucker—We will have to take that on notice. I do not have that information with me.

Senator WONG—That is fine. Could you indicate what of the forward estimates budget allocation is allocated to this particular area as well?

Mr Tucker—We will attempt that. At the moment, forward estimates of \$7.3 million are for regional planning, some of which will go towards the finalisation of the south-east, some of which will go to the north and some of which will probably begin our third region. We will do what we can.

Senator WONG—What I am trying to get at is that I would like it disaggregated. You must have done this internal work. You must know about how much it is going to cost you to do the south-east, the north and presumably some of the others as well, if you have actually started to do some scoping and investigation of them. We would like those figures.

Mr Tucker—We will take that on notice.

Senator WONG—Page 135 of Budget Paper No. 2 refers to your funding. It says:

Provision for this funding has already been included in the forward estimates.

Could you direct me to where that funding is actually derived from? Where is that funding set out in the forward estimates?

Mr Beale—The Department of Finance and Administration makes an assessment in the run-up to the budget process on whether or not to include projects. This was a lapsing program, so without a positive decision from the ERC there would have been no funding for the Oceans Office. The department of finance in the run-up to the project, in discussion with departments—the office and my own—makes a judgment about whether or not these matters should be in the forward estimates. In this case, they assessed that it was likely that this would be approved, and hence it was written into the forward estimates. Indeed, it was so approved, and those funds are now there as a new measure. This is very similar to the discussion we had—

Senator WONG—We are back to the same discussion.

Mr Beale—We had the same issue at the beginning of this. I want to point out that, just because something is placed in the forward estimates by the department of finance as an expectation that a decision will be made, it does not necessarily mean that those funds will be provided. I was secretary of the ERC in a previous incarnation, and on many occasions I have observed people whose finance sections had assessed they would be likely to get funds, and therefore made an allowance for them in forward estimates, not get those funds. Until the decision is made and then the parliament appropriates the funds, they are not available, and that is why they are included as a new measure in each of the documents that you have referred to.

Senator WONG—I am having a bit of trouble understanding the logic of this, Mr Beale—and yes, you are right; it is precisely the discussion we had at the outset—that something can be called ‘new’ funding when it has already been budgeted for in the forward estimates. It just seems to be a little bit of a misnomer.

Mr Beale—It very much comes back to that decision point. The forward estimates are effectively Finance’s forward plan for the budget—their best guess as to the allocation of expenditures that government will make. Sometimes those forward estimates are decided by government; for example, it makes a decision about a four-year term for a program. Sometimes the finance is lapsing, and Finance make an educated guess that it is likely to be renewed. My recollection is that this was in that category—without a positive decision by ERC, there would not have been any funds for the Oceans Office. Hence, it is a new measure. It was a decision made by ERC and then by budget cabinet to seek the funds from the parliament to appropriate them.

Senator WONG—I understand where you are coming from and the process. You are saying the public looks at forward estimates and says, ‘Look, they’re really a wish list and not a true indication of what government is going to spend.’ And then ministers hold back on the supposed decision—despite the fact that the decision has already been made to allocate funds to this particular budget portfolio area—and later announce ‘new’ funding.

Mr Beale—In this case, the government had not made a decision to include these in the forward estimates the department of finance had provided.

Senator WONG—That is precisely what your portfolio budget statement says:

... funding has already been included in the forward estimates.

This was for the National Oceans Office.

Mr Beale—Yes. As I said, there is a forward provision by the department of finance. But it was formally a lapsing program, therefore an explicit decision by cabinet had to be made before the funds could actually flow.

Senator WONG—We are not talking about cash flow here; we are talking about budget decisions. All I am saying is that a budget decision had already been made—

Mr Beale—I am describing to you the budgetary process and the way these matters have been described for a very long time. As I said, I was previously secretary to ERC, and this is not novel.

Senator WONG—I understand that. My beef is not with your description; my beef is more with Minister Kemp announcing what he suggests is new funding when the funding—

Senator Hill—It sounds like the honourable senator's quarrel is with the department of finance. We have had the exchange with Mr Beale. He has given his expert opinion.

Senator WONG—I am happy to address the question to you, Minister Hill.

Senator Hill—We can spend another couple of hours on it if you like, but I cannot see that it can go much further. Chair, with respect, she should ask Finance why they put it into the forward estimates when it was a lapsing program. Chair, perhaps I can—

Senator WONG—Perhaps I will address my question to the Minister representing the Minister for the Environment and Heritage. Minister Kemp announced \$18 million in what he called new funding in a budget press release dated 13 May 2003. His own budget portfolio statement clarifies that this funding had already been included in the forward estimates. Don't you think it is somewhat inconsistent to call it 'new' funding when it had previously been allocated to this portfolio area?

CHAIR—Senator Wong, I think you might be questioning the entire budget process and how it is presented.

Senator WONG—No, I am asking a specific question about the allocation of \$18 million.

Senator Hill—New funding is funding that has not been appropriated. If the money has not been appropriated—

Senator MACKAY—That is an extraordinary definition!

Senator Hill—No, we have programs that are appropriated—

Senator MACKAY—On that basis, everything is new funding.

Senator WONG—That is right.

Senator Hill—That is not so.

Senator WONG—You could make an announcement every year, 'We are going to fund the department of the environment.'

CHAIR—Perhaps we can hear from Mr Beale why it is not so.

Mr Beale—One way of illustrating this is that, last year in the EBS, the funding included for the Oceans Office was only through to 2002-03, and it was clear that there were no formally approved funds available beyond that. In the process with the department of finance they made a judgment that it was likely—subject to the review that was referred to earlier—

that the Oceans Office process would continue and therefore they would make a provision in the forward estimates. But until that decision was made by ERC and then budget cabinet to seek the funds, those funds would not flow. So it was very formally and very properly a new budget measure, which required us to make a new policy proposal to ERC and to the cabinet, and argue the case for why the funding should continue.

Senator Hill—I was around at the start of this process and what I remember is that the government gave a commitment for so much money over a period of years. There was no commitment beyond that. With the commitment came an obligation to do a review of the agency and the government would take that into account and determine whether it would provide funding thereafter. So, if that is what has happened and it has decided to fund it, I would describe it as new funding. As to the forward estimates apparently having included an expectation of funding, if that is the way Finance do their business then that is the way they do their business, but I can see that there is an argument that that can be a touch misleading.

Senator WONG—That is a very honourable concession.

Senator Hill—I am doing my best.

Senator WONG—Mr Beale, I do not want to take up—

CHAIR—As the minister said, the issue should be taken up with the—

Senator MACKAY—No, that is not right. This is an appropriation for this department—

Senator Hill—I draw a distinction between that and so many of the other parts of Environment Australia, which are core functions that in effect continue on a rolling basis. Therefore, the forward estimates in that regard are different. When government makes a specific decision to provide funds for a limited number of years, I find it a bit odd that the forward estimates would provide money beyond that limited number of years. But I do not necessarily understand the way the Department of Finance and Administration operates.

Senator WONG—Mr Beale, I have a couple of questions for the Oceans Office—

Mr Beale—Senator, just to conclude this, on page 172 of last year's PBS—

Senator WONG—I do not have that with me.

Mr Beale—I can read it out. It says:

The Government will provide one year's funding of \$9.066 million in 2002-03 to the National Oceans Office pending the outcome of a review of the Office, which is to report back to Government in the 2003-04 Budget.

Senator WONG—Did the PBS for last year's budget include in the forward estimates continuation of the funding?

Mr Beale—No, we showed zero out into the—

Senator WONG—I will come back to the National Oceans Office. I am sure we will have this discussion again when we get to the department. But I am interested in knowing how much of the forward estimates has actually been subject to ministerial approval, therefore is actually a decision of government, and how much is in this other category that you described, which is I suppose the wishful thinking category where Finance thinks it will be allocated to a particular budget area. I am happy to discuss that with you when we get to the department.

Senator Hill—That is something you should be discussing with Finance.

Senator WONG—No, Mr Beale is the secretary of this department—

Senator Hill—But if it is the finance—

Senator WONG—and he should be aware of what areas of the portfolio—

Senator Hill—If it is a finance judgment—

Senator WONG—No, it is not—it is a decision by this minister. As I understand it, the whole point of this discussion is that, in the budgetary process, in relation to areas where there has not yet been cabinet or ministerial decision, Finance will allocate money which is in the forward estimates. Presumably the forward estimates also have budgetary decisions which have already been made. So I think people are entitled to understand what is still subject to ministerial decision and not actually a decision as to funding and what is not.

Senator Hill—It is certainly the case that the minister signs off on the PBS, so the minister would have to explain to you why it was put in the forward estimates—

Senator WONG—If there is no decision.

Senator Hill—if it is a program limited by time. I am doing my best to answer that—not very well, I do not think.

Senator WONG—You are doing just fine, Minister.

Senator Hill—But we can send Mr Beale away, if you like, and he can sit down for a day or two and try to answer that question. Is it hard?

Mr Beale—We could certainly take it on notice—

Senator Hill—You would have to get the Finance people in—

Mr Beale—We could certainly take it on notice, but we do have a number of lapsing programs—that is the nature.

Senator Hill—But have you got the forward estimates out to the end of all of those?

Mr Beale—No, not for all of them.

Senator Hill—So why are they putting in for some and not for others?

Mr Beale—I think they make a judgment in the budget process as to whether they think it is likely that the government will renew them, and the government does not always do that.

Senator WONG—I have quite a few more questions on this issue. Do you want to continue with them now?

Senator Hill—Does that answer the question?

Senator WONG—No, it does not. Shall I finish with the Oceans Office first—

Senator Hill—It was a good try.

Senator WONG—and we can continue this after that, perhaps. Is there any funding notionally allocated to any of the plans, other than the two we have discussed?

Mr Sullivan—There is funding allocated to other plans under a national approach to data collection. One of the lessons we have learnt is not to look at data collection at a region by

region level but, if we can, to look at it at a national level. So we have put in place a national approach to some environmental and some economic and social information that will underpin future regional marine planning processes in other regions.

Senator WONG—Is there any funding allocated to other plans beyond the next two years in the forward estimates?

Mr Sullivan—No. The forward estimates we have are for the next two financial years.

Senator WONG—Have you predicted how much it is likely to cost you for the remainder of your plans beyond the next two years?

Mr Tucker—We will learn as we go, Senator. As we were talking before, we are in the process of completing our first plan. We expect to get more efficient with our second plan, and I think that will put us in a better position to make a judgment at that time.

Senator WONG—But you would agree, wouldn't you, Mr Tucker, that if you have seven and a bit million dollars, of which you have spent half on one plan, even if you get more efficient there is not enough money currently allocated to complete the rest? You would have to agree with that.

Mr Tucker—Certainly the funds that we have been given will not, and the government's expectation is that we will not, complete all the rest. We have two years funding, and in that time we are to finish the south-east and a plan in the north. We will also be working with the government to see if they wish us to begin a third process.

Senator WONG—It is probably likely to take at least 10 years to complete all the plans. Would you agree with that?

Mr Tucker—I think this was always seen as a long-term and ambitious process. Nobody else in the world is doing it on this scale. The closest to it are the Canadians, and they are looking very closely to learn a lot from the process we have under way. Because it is new we do not have any templates we can call on.

Senator WONG—Thank you.

CHAIR—I thank the representatives from the Oceans Office. I call officers from the Sydney Harbour Federation Trust.

[11.58 a.m.]

Sydney Harbour Federation Trust

Senator BARTLETT—Firstly, I want to nail down the funding details a bit more specifically. The PBS says:

The Government has approved net funding of \$115.5 million over eight years.

Does that eight years take us to the end of the 10-year time span? The total appropriation for the coming financial year is \$15 million, and then going up yearly to \$21½ million, \$23 million et cetera. I note that the budget paper talks about new expense measures of \$7½ million for the expected operating costs and that 'the implementation of the trust's business master plan for remediation and rehabilitation' will be funded from internal funding sources, together with the Commonwealth contribution. I just want to clarify that the 7½ million next year and the year after is new money that has come in, without re-entering the debate we had

about what is new and what is not from the last session. Is that new money in addition to what was put forward before?

Mr Bailey—Yes, it is new money.

Senator BARTLETT—That is a good thing then.

Mr Bailey—It is a fantastic thing.

Senator WONG—What's new?

Senator BARTLETT—But the total for the year will be \$15 million. So that includes that \$7½ million in that \$15 million—is that right?

Mr Bailey—Yes, it does. The total is actually \$17½ million: \$15 million in appropriations, \$1 million in grants from NHT and we anticipate revenue from rental of about \$1½ million.

Senator BARTLETT—I will ask a bit about the revenue side of things shortly. In the description that this \$7½ million is expected operating costs, is there a distinction between operating costs versus other activities—that is, the day-to-day continuing of the trust as opposed to the rehabilitation and repair?

Mr Bailey—That is correct. The distinction relates to capital expenditure for rehabilitation of the sites versus day-to-day operational costs.

Senator BARTLETT—One of the statements also says that it is hoped that at the end of the 10 years the lands will be self-funding. Is that still the goal?

Mr Bailey—That is correct.

Senator BARTLETT—I guess we have a while to see how that pans out, so I will not probe that too much now. There was also a description of a capital measure under the capital works program—\$9 million in the coming year and significantly more than that over the years following. In terms of the criteria you use to determine what is capital and what is an expense, would the things that come under capital include rehabilitation and properties that will be ongoing assets?

Mr Bailey—That is right.

Senator BARTLETT—Are you able to give a bit more detail—for example, what the \$25½ million capital works over the next couple of years will be focused on?

Mr Bailey—Over the next couple of years it will be focused on site rehabilitation and remediation—decontamination of Cockatoo Island, those sorts of things; reinstatement of services and infrastructure on many of the sites—those that are either dysfunctional or functioning poorly; so they need to be either renewed or at least upgraded; and the other major focus is public access, making the site safe for public usage and developing parklands and so forth.

Senator BARTLETT—I might just ask a bit about the revenue side of things: internal funding sources including asset sales of ex-defence housing and rentals. Leaving aside the housing bit for the moment, are other internal funding sources just rental of some of those other docks and that sort of thing?

Mr Bailey—That is correct. The trust has at the moment around 70 houses, and altogether around 400 buildings, including those houses. So many of the uses that we find for those will generate some revenue. Obviously in the early years it is primarily the houses which are currently rented and will continue to be leased.

Senator BARTLETT—Obviously there is the housing in Markham Close, which I will get to in a second, but where are all the other houses that you are looking at?

Mr Bailey—Broadly, there are about 40 altogether in Mosman and 30 at North Head.

Senator BARTLETT—Those other properties on Cockatoo Island do not come under that?

Mr Bailey—They do come under that, but at the moment they are in a derelict condition and unable to be leased and we have not counted them in the rental projection.

Senator BARTLETT—So you are looking at \$1.5 million in revenue next year, going up to \$5½ million. According to Budget Paper No. 2, that is simply listed as ‘rent’. On page 15 of Budget Paper No. 2, the heading just says ‘rent’ and ‘\$1½ million’. Somewhere later in the text it talks about the master plan being funded from sources including asset sales and rental. Is the \$1.5 million, going up to \$5.5 million, solely rent or does it count the asset sales?

Mr Bailey—It is solely rent.

Senator BARTLETT—As well as rents of houses, can that be rent of the boat restoration shed and those sorts of things? Do they come under ‘rent’?

Mr Bailey—That is correct, yes.

Senator BARTLETT—Maybe you are not charging for docking, or whatever, as yet at Woolwich.

Mr Bailey—We are, in a very small way. We intend to increase that. There is one site there that is leased for boat restoration.

Senator BARTLETT—So that would also come under that general category of ‘rent’?

Mr Bailey—That is correct.

Senator BARTLETT—Let us move on to the asset sales, which I presume is housing in Markham Close.

Mr Bailey—That is correct.

Senator BARTLETT—We were talking about this outside this forum, but I would like to have it on the record and find out if there has been any progress since last we spoke about it. Is there a time line for the planned sale? Are there intentions to have conditions placed on the sale of the properties to ensure that the heritage values of the surrounding area are protected?

Mr Bailey—As you are probably aware, the only properties that the trust can sell under its legislation are the 19 dwellings in Markham Close, subject to heritage and environmental assessments concluding that they are not significant. The trust has done that assessment and recommended in the plan that they can be sold. The only exception to that, where there might be some sensitivity, are the two houses at the top of the slope which are closest to the ridge line. The trust believes that they are the only ones that may fall under the category of

environmental significance. The recommendation that has gone forward is that those not be disposed of, that they be removed from the list of properties that might be sold, reducing it to 17. As for the time scale over which they are to be disposed of, we anticipate doing that over the next two years.

Senator BARTLETT—Is the income from that detailed in papers somewhere?

Mr Bailey—No, it is not detailed. The reason for that is that we do not wish to signal to the market, I suppose, what our expectations are.

Senator BARTLETT—Mosman properties! Does that proposal have to be agreed to by the board or by the minister or—

Mr Bailey—The proposal to sell?

Senator BARTLETT—Yes.

Mr Bailey—Ultimately by the minister. The plan is still in draft form and it is with the minister. He is awaiting a response from the New South Wales government. There is a statutory period of two months for that to happen.

Senator BARTLETT—And that response has not come back, as far as you know?

Mr Bailey—No. There is about a month to go.

Senator BARTLETT—Without having you chew up what is still a not overly flash budget in digging up all the details, is there a list that is easily producible of the various properties that are planned to be leased?

Mr Bailey—I do not have it on me, but I can easily get you a list.

Senator BARTLETT—I am sure that, as part of leasing them, you would be ensuring that the type of activity there is consistent with the values et cetera. But if there are any particular conditions associated with leases—

Mr Bailey—You are referring to all properties, not just to houses, I take it.

Senator BARTLETT—Yes.

Mr Bailey—Many of those leases will be to community groups. There will be peppercorn rentals and those sorts of things. Is that the kind of thing you have in mind as well?

Senator BARTLETT—Yes, and any caveats on usage and that sort of thing. I think there is a plan to construct a walking track through HMAS *Penguin*. Is that right?

Mr Bailey—That is correct.

Senator BARTLETT—I gather there are some problems associated with something with a strange Latin name—

Mr Bailey—Phytophthora cinnamomi.

Senator BARTLETT—That is it—that was found on the adjoining trust property. What has been done to control the spread of that on your properties? I think it is in the Mosman area.

Mr Bailey—Phytophthora is spread by subsoil moisture migration—generally speaking, down hills. It is a fungus that is carried in water. It affects the roots of trees—some species

more than others. Its effects are exacerbated by increased nutrient levels in the soil and, obviously, increased water levels. They are both by-products of urban development. The runoff from streets and residential areas contains high levels of nutrient, and the stormwater from those areas tends to be focused into point sources. The distribution of phytophthora is affected by those factors.

To answer your question, the trust, on the walking tracks it has constructed already and will continue to construct, has been surveying, reviewing and redistributing stormwater flows into detention ponds and so forth. It has put in place a range of protocols to manage any access to the sites. In particular, contractors' tools and equipment are sanitised. Any soils or new materials brought in are tested and checked to ensure that no phytophthora contamination exists in them. We are reviewing all of those processes. In fact, this Sunday we are having an all-day national seminar on phytophthora which will bring together all the experts to ultimately revise those protocols for managing phytophthora. Of course, in addition to that, we are operating within the Commonwealth's threat abatement plan for that disease.

Senator BARTLETT—So you are still intending to proceed with construction of the walking track?

Mr Bailey—We are. The walking track is proposed to go through an existing firebreak; we are not taking it through bushland. The standard we have set ourselves is to ensure that the track and its construction reduces, rather than increases, the risk of phytophthora transmission.

Senator BARTLETT—Returning briefly to the income from planned sales, I accept what you said about not wanting to flag your reserve price, or whatever, for the properties. However, I am assuming that, once they are sold, the revenue will be reported in the budget papers.

Mr Bailey—I expect so, yes.

Senator BARTLETT—And that would be in addition to your total funding?

Mr Bailey—That is correct.

Senator BARTLETT—So there is another little bit to come—probably a decent sized bit.

Mr Bailey—Absolutely. The rental revenue is also in addition to the appropriations. So we are in the terrific position of putting all of that towards those sites.

Senator BARTLETT—I imagine it will come to a lot more than your rental amount of \$1½ million.

Mr Bailey—Yes.

Senator BARTLETT—The environment expenditure statement mentions the trust and talks about the various sites. Firstly, are there any plans, or any progress of plans, to add any sites to the trust's area?

Mr Bailey—Not that I am aware of.

Senator BARTLETT—This list mentions the artillery school at North Head. I know there is back and forwarding about ownership with North Head, but are you are still expending money on that area?

Mr Bailey—In the case of North Head we are acting as agents for the Department of Defence. We are about to commence the implementation of the plan, in particular the sanctuary idea we are proposing for that area. Ultimately, the question of ownership will need to be resolved with the state government. To date there have been a number of public statements from the state government, including the Premier, which have been very supportive of the plan for North Head.

Senator BARTLETT—If there is a resolution of that ownership issue in a different direction, you will have spent a bit of money on the site. How is that going to be resolved? Will that just be a goodwill contribution to the state government if it turns out that they end up with ownership?

Mr Bailey—I think the Commonwealth takes a view that it has an obligation to rehabilitate the site anyway. Whatever form that handover takes, and when it occurs, is yet to be resolved?

CHAIR—Thank you.

[12.17 p.m.]

Australian Greenhouse Office

CHAIR—I welcome officers from the Australian Greenhouse Office.

Senator WONG—I want to start by continuing a discussion I was having with Mr Beale as to the distinction in the forward estimates between budgetary measures which have already been the subject of ministerial decision—so one might regard them as real funds—and those which are DOFA's best estimate as to what you are likely to spend and what you are likely to win in terms of the expenditure process. Are you able to let me know, in terms of the AGO's funding and the programs you administer, what percentage of those fall into both of those categories?

Mr Bamsey—For 2003-04 most of the funding available to the AGO, and I look to my colleague Mr McGovern to correct me if I get these details incorrect—I think about \$120 million of \$124 million—is from the Measures for a Better Environment program which was appropriated in 1999.

Senator WONG—It has been around for a while.

Mr Bamsey—Yes.

Senator WONG—So only about \$4½ million is still subject to argument, is that right?

Mr Bamsey—Yes.

Senator WONG—I think we had a discussion last time about what you termed the rephrasing of funding. I want to get a picture of what this budget says about the AGO's funding past and future. I would like to start by going back to the 2001-02 budget. Do you have the ministerial statement for that financial year?

Mr McGovern—No, we don't.

Senator WONG—Do you want me to provide you with it? You will have to ignore my tabbing. Or do you have someone here with a copy?

Mr Bamsey—I don't think we do, unless Dr Wright has them.

Senator WONG—To let you know, I will be looking at the 2001-02 and the 2002-03 ministerial statements as well as this year's statement. It is pleasing that Dr Wright is so well prepared.

Mr Bamsey—Dr Wright is very well prepared.

Senator WONG—Can we go to the 2001-02 statement? I think it is pages 63 and 64. I may have got my arithmetic wrong, so can you tell me what the total funding for the individual programs listed under the AGO was for that budget year?

Mr McGovern—The total is not listed in there, and I do not have a grand total with me. But all the individual programs are annotated as to which ones are AGO programs.

Senator WONG—I have calculated the total to be around \$229 million. Does that sound right?

Mr McGovern—That is in the ballpark, yes.

Senator WONG—If you want to confirm that at some point when you have time to sit down with your calculator, I am happy for you to do that. That paper also gave the forward estimates for the 2002-03 year, and the same set of programs totalled \$223 million. Does that sound about right?

Mr McGovern—It sounds reasonable.

Senator WONG—Again, if you want to correct me at a later date, you can. In the same budget paper, the projections for the 2003-04 financial year were around \$195 million.

Mr McGovern—That sounds right.

Senator WONG—And, for 2004-05, \$141½ million.

Mr McGovern—Once again, that sounds right.

Senator WONG—If we go to the 2002-03 statement, page 60, I think, lists all the programs that the AGO administers, doesn't it?

Mr McGovern—Yes.

Senator WONG—Again, I think the totals are as follows. For the 2001-02 year they show what I assume to be the estimated actual expenditure at the time of \$95.3 million.

Mr McGovern—That is for 2001-02, is it?

Senator WONG—Yes.

Mr McGovern—That sounds about right.

Senator WONG—Which is an underspend of around \$135 million.

Mr McGovern—That is correct, yes.

Senator WONG—For the 2002-03 year, it shows \$117.7 million. Is that about right?

Mr McGovern—That is about right, yes.

Senator WONG—For 2003-04, it is \$123.8 million.

Mr McGovern—Once again, that sounds reasonable.

Senator WONG—I am happy if you want to correct me on any of these, Mr McGovern.

Mr McGovern—I just do not happen to have those totals with me.

Senator WONG—For 2004-05, the total is \$115.2 million—

Mr McGovern—That sounds reasonable.

Senator WONG—and for 2005-06 it is \$107.7 million. If we go to this year's ministerial statement—to page 44, I think—it is not disaggregated in the same way, so it is a little easier for you to add up as we go, Mr McGovern. For the 2002-03 year, the total listed is \$93.6 million.

Mr McGovern—That is correct.

Senator WONG—That is estimated actual expenditure, presumably—

Mr McGovern—That is correct.

Senator WONG—which is an underspend of \$24 million or thereabouts.

Mr McGovern—I think it is an underspend of about \$20 million from what was in the budget for 2002-03.

Senator WONG—I thought we agreed earlier that there was about \$117 million in the budget the previous year for that financial year.

Mr McGovern—That is approximately correct.

Senator WONG—So you say the underspend is how much? Do you have those figures?

Mr McGovern—Approximately \$20 million.

Senator WONG—I am happy for you to take it on notice to give precisely what the underspend is. We are only adding three items now. For 2003-04, the total is projected at \$124½ million. Is that right?

Mr Bamsey—Yes.

Mr McGovern—That is correct.

Senator WONG—For 2004-05, it is \$118.7 million.

Mr McGovern—That is correct.

Senator WONG—For 2005-06, it is \$110.7 million and for 2006-07, it is \$84.8 million. Is that correct?

Mr McGovern—That is correct.

Senator WONG—If you add up the totals of those projected expenditures from the 2001-02 budget over the four years and compare them to the 2003-04 budget over the four years, are you able to tell me if there is any difference in the amount of expenditure that is projected?

Mr Bamsey—Yes, there is a substantial difference between those figures.

Senator WONG—Can you tell me what the difference is?

Mr Bamsey—I am afraid that at this point I would have to rely on your arithmetic again. In terms of the funds that you said you wanted to talk about in relation to rephrasing and

reprofiling, the funds that were not expended as expected had been reprofiled beyond the four-year forward estimates as far as 2013.

Senator WONG—I will come to that in a second. Firstly, can we deal with the comparison between the four years in the 2001-02 budget and the four years in the 2003-04 budget? What sort of difference are we talking about?

Mr Bamsey—I would like to clarify that you want a comparison of what was foreshadowed in the 2001-02 budget—

Senator WONG—For the four years between the financial year ending in 2002 and the financial year ending in 2005.

Mr Bamsey—And what?

Senator WONG—And what the foreshadowed—or estimated, actual and foreshadowed—expenditure is between the current financial year and 2006-07.

Mr Bamsey—We will have to take that on notice to provide the precise figure but, as I said earlier, it is a substantial difference.

Senator WONG—Can I make a suggestion, Mr Bamsey? Your organisation took a lot of questions on notice on the last occasion, and I would not want to add to your workload.

Senator Hill—Hear, hear!

Senator WONG—Especially since Minister Hill's government is taking a few staff away from you—

Senator Hill—We are trying to get on with business.

Senator WONG—I beg your pardon?

Senator Hill—Don't worry.

Senator WONG—Would it be possible for you to attend tomorrow, if I go through all of these, so we can have a discussion and finish the matter off? I am happy to do that.

Mr McGovern—Certainly. Thank you.

Senator WONG—I want an explanation as to the total amount of funding over four years in the 2001-02 budget, the 2002-03 budget, the 2003-04 budget, the difference between them, and where those funds have gone.

Mr Bamsey—We may be able to provide that information in a comprehensive form this afternoon.

Senator Hill—To save you having to come back tomorrow.

Senator WONG—I think we will probably come back tomorrow anyway. The press release that the minister issued on 13 May refers to Commonwealth investment of \$1 billion on the greenhouse response. I think that is something your office has also stated, Mr Bamsey. What does that figure refer to? I cannot find \$1 billion on greenhouse, but it might just be me.

Mr Bamsey—It is the total of the two major programs—Safeguarding the Future, and Measures for a Better Environment. It comes to slightly less than \$1 billion. We can provide you with the full accounting of that.

Senator WONG—Are we doing it this afternoon, or tomorrow?

Mr Bamsey—This afternoon.

Senator WONG—We are trying to do it this afternoon?

Mr Bamsey—We can quickly provide you with that list.

Senator WONG—That would be useful. When does the funding period for this \$1 billion commence?

Mr Bamsey—It started in 1998-99, I am informed.

Senator WONG—1998-99?

Mr Bamsey—Yes; when the AGO was established.

Senator WONG—When is it due to end? I understand it is in 2013.

Mr Bamsey—Yes.

Senator WONG—So it is \$1 billion over 14 years?

Mr Bamsey—That is correct.

Senator WONG—Has the funding under the Safeguarding their Future package been expended?

Mr McGovern—There are only two ongoing programs for 2003-04—that is, the Renewable Energy Equity Fund, and the Office of the Renewable Energy Regulator.

Senator WONG—Was the Measures for a Better Environment package announced in 1999?

Mr Bamsey—Yes.

Senator WONG—Wasn't that originally projected to be spent over four years?

Mr Bamsey—Yes.

Senator WONG—Would that take you to this financial year?

Mr Bamsey—The year 2003-04 is the final year.

Senator WONG—How much of it has been spent?

Mr Bamsey—At the end of this year, almost \$150 million.

Senator WONG—What was the original amount committed to?

Mr Bamsey—It would have been approximately \$588 million by the end of this year.

Senator WONG—So the original announcement in 1999 projected spending of \$588 million across a range of particular programs within the MBE package, of which we have spent \$150 million?

Mr Bamsey—Just less than that.

Senator WONG—So you have spent \$150 million. Originally, in 1999, it was outlined as being \$588 million. That leaves around four-hundred-and-something million. When is that projected to be spent?

Mr Bamsey—That is the subject of the reprofiling that took place last year, and that has been reprofiled until 2013.

Senator WONG—So that is out to 2013 as well?

Mr Bamsey—The MBE program is, yes.

Senator WONG—I think you agreed previously that the \$1 billion on greenhouse is over a 14-year period. Is that right?

Mr Bamsey—Yes, that is correct.

Senator WONG—What does that work out to per year?

Mr Bamsey—It is not an average figure per year.

Senator WONG—No, because it keeps being pushed out.

Mr Bamsey—We will show you the details later when we give you the comprehensive account, but the figures that go out to 2013 do not cover all of the programs. They cover those programs where we expect it will take as long as that to provide good projects and see them accomplished. To remind you of discussion we had on this subject at a previous hearing, we provide funding according to milestones, following best practice. We forecast or foreshadow that those milestones will be passed out to 2013. It is mainly for GGAP, but we will give you details on that.

Senator WONG—But you would agree there has been quite a significant underspend in these areas, if you go back through the budget papers to 2001-02, in the sense that you have not spent in the year what you were allocated?

Mr Bamsey—We revised our expectations of what we would be able to spend.

Senator WONG—You spent less than you were allocated?

Mr Bamsey—Yes, that is correct.

Senator WONG—One of the press releases on budget night or thereabouts, perhaps a bit later, talked about a \$30 million birthday present for you—congratulations!

Senator Hill—Was that for you, Mr Bamsey?

Senator WONG—I assume it was for the office, not for Mr Bamsey—I would not want to suggest that!

Mr Bamsey—The minister that day attended a celebration of the fifth birthday of the AGO.

Senator WONG—In that the minister actually included a breakdown of the AGO budget appropriations disaggregated by program. Did that form part of the official budget documents?

Mr Bamsey—No, I do not believe it did.

Senator WONG—Why is that? I think that, if you look back through the previous budget papers, it did.

Mr Bamsey—Are you referring to the environment budget statement?

Senator WONG—Yes—I mean the sort of budget appropriation list that the minister's press release about your office's birthday sets out. That sort of detail was included in previous statements and previous budget papers. I have not been able to find it—certainly not in these documents.

Mr Bamsey—The format of the environment budget statement was changed this year to reduce its length, so we are giving you separately the full list of those programs.

Senator WONG—Only because the minister put a press release out. They are not in the budget papers.

Mr Bamsey—They are not in the environment budget statement, no. As you noted earlier, they have been aggregated somewhat.

Senator MACKAY—Do you have a list there?

Mr Bamsey—The list that Senator Wong was talking about is attached to the minister's press release. We can certainly provide that. I think the list is also on our web site

Senator WONG—Isn't it the case, though, that most of the other programs in the environment statement were disaggregated? Why was the AGO particularly subject to this truncation?

Mr Beale—I might ask the chief financial officer to answer that question.

Mr Glyde—It was not just the AGO—we did it across the board in relation to all of our output areas. What we were finding was that, with a really long list, you get down to very small items and they keep coming on and off each year. In the interests of trying to make it more repeatable year-on-year and therefore more useful, we thought—and partly to reduce the length of the budget statement—we contracted it across all of the output areas to try and get lines that would continue to feature year-on-year and we would not necessarily have lots of individual projects that are on one year and off the next.

Senator WONG—Who's decision was that—the department's, or was that a ministerial decision?

Mr Glyde—That was a decision that the department took. The presentation and the organisation of the environment budget statement is a matter for the department and the minister to determine.

Senator WONG—So the minister was involved in the decision to reduce the number of line items in the table of environment expenditure?

Mr Beale—I think that the best way of putting this—

Senator WONG—It is a fairly simple question.

Mr Beale—would be that the minister indicated to us that he wanted a more user-friendly document that was more interesting and easier to understand. We worked with his office—I read everything in this document, the minister's chief of staff did and the minister did as well—and it was very much a collegial effort. I am not sure that I ever focused the minister's mind on which particular expenditure lines we had aggregated. I would simply point out that sometimes detail does not equal knowledge, particularly if there is a lot of noise from year to

year in those movements, that it made a little more sense to aggregate it so that year on year you get a clearer picture.

Senator WONG—I think the AGO has had more than a little movement. It seems very odd to me that the table of expenditure in relation to AGO has been reduced from quite a number of particular programs which were set out in the previous budget statements to three line items: greenhouse policy, working with industry and working with the community. We are talking about expenditure of \$100 million-plus—so there is obviously a fair bit of money associated with it—and a decision has been made which considers it appropriate to truncate those. But you have other line items—for example, natural resource management, forests and vegetation and natural resource management policy, where you are looking at \$1.5 million or \$1.2 million. So we have a lot of accountability in relation to programs with what is still a lot of money but significantly less than in the AGO.

Mr Bamsey—We will take note of your comments and certainly bear them in mind as we discuss this with our colleagues and the minister next year.

Senator WONG—Would you agree that it makes it more difficult? It is supposed to be user-friendly, but when you collapse it all down together it certainly makes it more difficult for people to look at the expenditure statement and analyse what the government is actually proposing to do with particular programs. The only reason that we know some of it is because we got a little press release for a couple of years. We do not actually know what is projected beyond the forthcoming financial year. You are nodding, so I assume that means you are agreeing with me.

Mr Beale—Sorry, that was not a question.

Senator WONG—But you would agree that it makes it difficult for a person reading the budget statement to compare, for example, programs under the Greenhouse Office and what has happened with those when they look at last year's budget paper?

Mr Beale—In some respects it improves readability by giving you the big picture, but Mr Bamsey has taken your comments on board and will remind me of them next year when we are putting this document together.

Mr Bamsey—We will be providing you with full details of all programs, projected as far as we know them.

Senator WONG—Mr Beale, I think you have answered this question: is it correct that the decision to publish the budget papers in this format was jointly taken by the minister and the department?

Mr Beale—That is correct.

Senator MACKAY—He answered them very fulsomely, as I recall.

Senator WONG—Can I ask why the figures in relation to the AGO programs, the disaggregated figures, were not published on budget night? Even if they were not in the papers, why were they not provided separately?

Mr Bamsey—I cannot answer that.

Senator WONG—Who made that decision?

Mr Beale—I am not sure that anybody made a decision not to publish detailed figures; they made a decision to publish aggregated figures or figures in the form in which they were put out.

Mr Bamsey—And following the budget, at least from the AGO, we had a number of inquiries about the details and so it then was useful when the minister produced his press release on 15 May 2003 to include those details there. Knowing your interest, we are preparing full details.

Mr Beale—You will get full details and we will take that into account in considering the policy for next year's document.

Senator WONG—I am very pleased to hear that. You say no-one made a decision. 'We had a previous format discarded and a subsequent decision to release some aspects of disaggregated program funding for the AGO.' Who made that decision? Perhaps Mr Glyde can help me on this.

Mr Glyde—In terms of changing the format for the environment?

Senator WONG—Changing the format and then subsequently releasing what I would argue are more appropriate figures.

Mr Beale—On the latter, I do not think we can help you. I think that is something that Mr Bamsey could provide you some advice on. On the former, we were operating under a request to make this a more tractable document—shorter, more focused, able to track the big themes. We thought cutting through some of the detail was one of the ways of doing that. I do not consciously recall focusing myself at any time on the AGO particularly, and as I said, I am pretty sure that I did not discuss that as such with the minister, as distinct from the overall shape of the document. I certainly accept, on behalf of the department, responsibility for all that is in the document.

Mr Glyde—It is a separate process in the sense that we look at the EBS and we respond to comments that have been made in the past about the readability and the usefulness of it. There are minor changes from year to year, as you see we have already done going back through earlier volumes. This might be a case where you are suggesting to us that we have aggregated it up too much. I note that the level of aggregation that is in the environment budget statement in this year's book is the same as what is in the portfolio budget statement. When we have sent out the request to the Greenhouse Office for more aggregated figures, it is probably most easy for them to give it at that level. We may well get feedback from others, in addition to you, that that is now too aggregated to be meaningful and we will need to take that on board in due course.

Mr Beale—They were seeking additional meaning.

Senator WONG—It is not meaningful to give aggregated statements for some 15 or 20 program areas and expect people to be able to compare what you said you would do last year with what you say you are going to do this year and in coming years. Do I understand, Mr Glyde, that you said there was a request to make it more readable? I presume that was from the minister's office.

Mr Glyde—Yes, and we have an interest as well.

Senator WONG—I appreciate that. Was there any specific request in relation to aggregation of figures?

Mr Glyde—Not that I am aware of.

Senator WONG—So who made that decision?

Mr Glyde—In terms of aggregating these up?

Senator WONG—Yes.

Mr Beale—I will take responsibility for that decision. I cannot recall focusing on this matter, but I am certainly responsible for the department's advice.

Senator WONG—You would agree, would you not, that a lot of these areas are subject to a reasonable amount of stakeholder scrutiny? They have an interest, for example, in the MBE package. People want to know what is happening with that, do they not? Are you aware of that, Mr Glyde?

Mr Glyde—Yes.

Senator WONG—Mr Bamsey, you referred to the fact that—I do not want to misquote you—in the press release there was some benefit with the disaggregated program figures being put out because you had received some inquiries. Is that right?

Mr Bamsey—Yes.

Senator WONG—I presume they were from stakeholders or are we talking media?

Mr Bamsey—My recollection is that they were from stakeholders.

Senator WONG—They had a similar problem to that which I had, did they, that they could not work out from the aggregated figures what was happening with these areas?

Mr Bamsey—They wanted some details.

Senator WONG—Because they could not work it out from the figures provided?

Mr Bamsey—I guess that is correct.

Senator WONG—What about you, Mr Glyde or Mr Beale: has the department had any requests for disaggregated figures?

Mr Bamsey—In relation to the AGO programs?

Senator WONG—No. I have asked the AGO that. I meant generally in relation to your new aggregated budget.

Senator Hill—What is the question?

Senator WONG—We are asking whether or not stakeholders and members of the public or media have been asking for more disaggregated figures than were provided in the portfolio statements.

Senator Hill—Whether members of the public have asked for more disaggregated figures. What is the answer to that—yes or no?

Mr Beale—Not that we are aware of.

Senator Hill—That is right—not that we are aware of.

Senator WONG—I did not know we were questioning senators!

Senator Hill—It is becoming a bit of a chat show. I think we should get a bit of discipline into the questions and answers.

Senator WONG—I will try to be disciplined, Mr Hill.

Senator MACKAY—We will ask the questions the way we wish to ask them.

Senator Hill—It is not chat show time!

Senator MACKAY—That is your opinion.

Senator Hill—I could go and watch that on television.

Senator MACKAY—You can go and watch it now, if you like.

Senator Hill—It is good that there are questions about the appropriations, though; that is a rarity.

Senator WONG—Mr Bamsey, as I understand it, later this afternoon you will provide me with the disaggregated figures and also the figures we discussed earlier. Is that correct?

Mr Bamsey—That is correct.

Senator WONG—Perhaps we can go back to what is projected for AGO in respect of staffing. How many staff are being lost by the AGO?

Mr Bamsey—We expect to lose about 10 per cent of our staff—approximately 18.

Senator WONG—Over what period?

Mr Bamsey—Over the next 12 months.

Senator WONG—From which program areas are these staff being taken?

Mr Bamsey—No decisions have yet been made about that. We are looking at it very actively at the moment. I would say it is a very difficult target for us to reach. We believe we can make some efficiencies in infrastructure when we all come together in one building. As some programs mature, we can make efficiencies in their management. At the same time, we are taking on new tasks. So we will be working out a solution to that in the near future. I do not expect it will be other than manageable for us. I think it will be manageable from natural turnover within the AGO and, if absolutely necessary, from voluntary redundancies.

Senator WONG—Where does the figure of 18 staff, or 10 per cent of your staff, come from?

Mr Bamsey—We have approximately 180 staff at present.

Senator WONG—I worked out that 10 per cent would mean there are about 180 staff. If there has been no decision made yet, how did you arrive at the decision that you would lose 18 staff?

Mr Bamsey—That was a consequence of the decisions made in the budget on the AGO's funding for 2003-04.

Senator WONG—As a consequence of the budget, you have to get rid of 18 staff?

Mr Bamsey—That is our estimate for next year.

Senator WONG—You have not yet identified which program areas they will come from?

Mr Bamsey—No. We have been working on it. We do not have a list at this stage. We do not have an absolutely clear view on precisely where those efficiencies will be found—partly because we have just completed consultations with staff on reorganisation. That will take effect progressively but will be in final form from 1 July. We are working through that as well.

Senator WONG—Did the review of the AGO, which we discussed last time, impact in any way upon the decisions which resulted in your funding being reduced?

Mr Bamsey—No, not as far as I know. The review of the AGO was not related to the budget process.

Senator WONG—Did it suggest that your funding should be reduced?

Mr Bamsey—It is almost a year since I read it, but it does not suggest that to my recollection. There was no government decision of that sort that I am aware of.

Senator WONG—So the rationale for cutting staff is entirely as a result of the budget process allocating less to the AGO than previously. Is that right?

Mr Bamsey—There has been no reduction in our funding specifically directed at that, but we expect, as I said earlier, that as programs mature we can find some efficiencies. It is a pressure that we are responding to.

Senator WONG—I am a bit lost here. I thought you said before that, as a result of budget decisions, you have identified that you are going to need to lose, or reduce by, 18 staff. Did I misunderstand that, Mr Bamsey?

Mr Bamsey—In the budget context, that was agreed. We have agreed on a bridging strategy for this next 12 months—it is a transition year—so that a number of the programs which would otherwise have terminated will continue. As part of discussions which resulted in agreement on that strategy, it was also agreed that we would aim to reduce our staffing and our overhead costs by a manageable amount.

Senator WONG—So there was some trade-off through the budgetary process. What did you get for this? You got increased program funding but you agreed to reduce your staff overheads. Is that how it worked?

Mr Bamsey—Yes. I would not say it was a trade-off. It was part of a look at the AGO for the next 12 months to see what we wanted to do. We said we wanted to transfer funds to continue programs for a transitional period until the government had adopted its new climate change strategy. In that context, it was also agreed that the AGO should reduce its overheads.

Senator WONG—Was that DOFA's indication to you?

Mr Bamsey—I am told it was not a proposal from DOFA. It was part of our strategy, worked out within the AGO, to reach the conclusion which the budget put in place.

Senator WONG—You are no longer acting, are you, Mr Bamsey; you have actually been appointed?

Mr Bamsey—That is correct.

Senator WONG—Congratulations. You had been acting for some time?

Mr Bamsey—I had.

Senator WONG—Were you part of the discussions regarding this budget process?

Mr Bamsey—Yes, I was.

Senator WONG—So was it your strategy to reduce the overheads by getting rid of 18 staff?

Mr Bamsey—Yes, it was something that I thought was manageable and that we could achieve in the context of arranging to continue a number of programs for the next 12 months.

Senator WONG—So what did you get for agreeing to reduce your overheads and get rid of 18 staff?

Mr Bamsey—As I said earlier, it was not really a trade-off. I do not want to suggest that this was forced upon us. It is part of our approach to a year in which we are moving from the two programs that have been the mainstay of the AGO up until now to a new climate change strategy which will be the basis for the future of the AGO. Although this is a difficult target for us to reach, I believe that we can do so.

Senator WONG—This is in the context of your projected expenditure for the forthcoming financial year being some \$30 million in excess of what you spent last year.

Mr Bamsey—That is correct.

Senator WONG—So you are getting more funds but you are going to sack staff?

Mr Bamsey—We will not be sacking staff.

Senator WONG—I am sorry, losing staff, by whatever means.

Mr Bamsey—There is no correlation, or no immediate correlation, between the quantum of funding that we will be expending and the number of staff. As I said earlier, we are looking towards efficiencies in program management as programs mature.

CHAIR—It being one o'clock, we will suspend for a lunchbreak.

Proceedings suspended from 1.00 p.m. to 2.01 p.m.

Senator WONG—In the break, both Mr Bamsey and Mr Glyde obliged by providing some additional documents which set out actual, estimated actual and forward projections in various budget years, which really do deal with a lot of my questions. I do not know if we want to formally receive them first.

CHAIR—The committee has no objection; it is so ordered.

Senator WONG—Very quickly, Mr Bamsey, from these documents and certainly in respect of the AGO component of the Measures for a Better Environment package, you would agree, wouldn't you, that the original MBE commitment was for \$896 million over four years? Sorry, Mr McGovern, have I jumped the gun?

Mr Bamsey—Mr McGovern has just had a chance to check the numbers, and the original figure was \$796 million for the AGO.

Senator WONG—For the AGO—because \$100 million was with EA, wasn't it?

Mr Bamsey—Yes. The \$896,000 included that amount.

Senator WONG—And that commitment was over the financial years ending 2001-04, was it not?

Mr Bamsey—Yes.

Senator WONG—On the document you have given me, if you look at the same period, would you agree that you are looking at around \$300 million in actual expenditure?

Mr Bamsey—It is \$268 million—yes.

Senator WONG—What is that—just over a third?

Mr Bamsey—\$267 million.

Senator WONG—I am sorry, Mr Bamsey, I did not hear that.

Mr Bamsey—It is \$269 million rounded up, I think.

Senator WONG—So it is \$269 million over the same period for which \$796 million was originally committed?

Mr Bamsey—That is correct.

Senator WONG—So we are looking at just over a third of the funds that the Prime Minister announced actually being spent in the relevant budgeted period?

Mr Bamsey—That is correct.

Senator WONG—In a question at the outset I asked you how much of the \$124 million that you have next year was in what I am calling the ‘wish list’—that is, where Finance has identified it as potential future spending, subject to a ministerial decision—and how much of it was already the subject of a ministerial decision. I think you said it was about \$120 million of the \$124 million.

Mr Bamsey—That is correct.

Senator WONG—I am a little confused, because isn’t that funding referred for both the MBE and Safeguarding the Future programs?

Mr Bamsey—The \$120 million is MBE.

Senator WONG—What is the remainder?

Mr McGovern—The remainder was the two programs I mentioned this morning—the Renewable Energy Equity Fund and the Office of the Renewable Energy Regulator.

Senator WONG—Have they not yet been subject to a ministerial decision?

Mr McGovern—I missed the first part of that question, but those figures are in the budget for this year.

Senator WONG—Yes, but there are a few figures in the budget this year. Mr Beale and I have had some discussion about those. Are they actually the subject of a government decision?

Mr McGovern—Yes, they are.

Senator WONG—Is there any greenhouse funding that is not part of either Measures for a Better Environment or Safeguarding the Future?

Mr Bamsey—Not in 2003-04.

Senator WONG—What about in the forward estimates?

Mr Bamsey—No, not in the forward estimates.

Senator WONG—I am sure you will be very grateful to move on to land clearing. There was a media release on 22 May issued by the minister in relation to Queensland land clearing, announcing various amounts of money for incentives and to facilitate some agreement. Has the AGO done modelling as to the likely greenhouse gas emission reduction resulting from this land clearing agreement?

Mr Bamsey—Yes, we have estimated that the proposal that is on the table would result in an abatement of approximately 25 million tonnes per annum during the period 2008 to 2012.

Senator WONG—If achieved, that would contribute reasonably substantially to the Kyoto protocol target, would it not?

Mr Bamsey—It would. To correct what I said earlier, we have estimated up to, because it is approximate.

Senator WONG—Are there any other greenhouse proposals on the table which would achieve that kind of reduction over that time period? I should ask you first: over what time period does your modelling estimate that reduction?

Mr Bamsey—It is 2008 to 2012.

Senator WONG—Are there any other greenhouse policy initiatives on the table which would achieve that sort of reduction?

Mr Bamsey—Certainly there are other programs—GGAP. I am not sure quite what the numbers are for each year during that period, but the programs that are currently under way would result, we estimate, in abatement of approximately 60 million tonnes.

Senator WONG—The AGO presumably conducted a review of the likely greenhouse gas abatement resulting from this agreement?

Mr Bamsey—Yes, that is on the Web.

Senator WONG—Did you do that in-house?

Mr Bamsey—Yes.

Senator WONG—I note that the agreement looks to enable the continuation of regrowth clearing, but ban the clearing of remnant vegetation. Is that right?

Mr Bamsey—That is the proposal. Those definitions of remnant and regrowth are Queensland definitions.

Senator WONG—What were the assumptions around remnant and regrowth clearing that the AGO used for the purposes of identifying likely abatement?

Mr Bamsey—It was a fairly simple assessment of what would be the difference in emissions produced from clearing if clearing of all relevant remnant vegetation were ceased by the end of 2006, I believe. These details are in the report on the Web. I say relevant because, in accounting to meet our target of 108 per cent during that accounting period of 2008-12, we take account of what we call Kyoto forest. So, if you like, we were looking at the

Kyoto forest component of the remnant vegetation which, under the proposal on the table, would no longer be cleared.

Senator WONG—Have you done modelling on what are the emissions resulting from clearing of a hectare of remnant vegetation? I am presuming you must have done that in order to work out what the abatement was?

Mr Bamsey—We did not do it that way. Do you mean did we look at the number of hectares?

Senator WONG—Did your modelling not require you to make some assumptions about what a clearing of a hectare remnant vegetation or regrowth vegetation would result in?

Mr Bamsey—No. I do not believe we did it that way. We have estimates, which are in our projections, at the moment for what emissions will result from land clearing in Queensland.

Senator WONG—What are they for—a hectare?

Mr Bamsey—I cannot answer that. I do not know whether Mr Carruthers is able to.

Mr Carruthers—Clearly the amount of emissions from a given place depends on the type of vegetation. Coastal vegetation is far more productive than—

Senator WONG—I am sorry to cut you off. I am interested in Queensland and I want to know what the figures are and if there is any difference between remnant and regrowth vegetation.

Mr Carruthers—Yes, there is: regrowth vegetation is typically far less dense in terms of the carbon on a given area of land. As a broad rule of thumb, the emissions associated with regrowth clearing would be of the order of a quarter of a clearing of remnant Kyoto forest cover. But treat that as a broad rule of thumb.

Senator WONG—So it is one to four.

Mr Carruthers—That is, regrowth on Kyoto land would be a quarter of the original forest cover.

Senator WONG—Are you not able to give me any figures as to what you assumed for the purposes of the Queensland position and the 25-megaton modelling? What do you assume a hectare of remnant and regrowth is worth in terms of emissions?

Mr Carruthers—It is done on a digital basis at a subhectare scale where each unit of land is treated uniquely.

Senator WONG—So it is quite precise.

Mr Carruthers—Yes.

Mr Beale—The per hectare figure is not terribly high.

Senator WONG—I understand that, but the ratio would be about one to four.

Mr Carruthers—That is a reasonable rule of thumb.

Mr Beale—It is also worth noting that the vast majority of regrowth is not Kyoto relevant. Because it is a cycle of clearing and growing it is not part of the Kyoto account.

Senator WONG—What is the current rate of clearing of remnant vegetation in Queensland?

Mr Bamsey—I cannot answer that from memory. That, I believe, is also in the report.

Senator WONG—We are in an estimates committee, so is there anyone who can answer that?

Mr Bamsey—I can get a copy of the report.

Mr Carruthers—I do not have the report with me, but we published in August last year the land use change emissions results for Australia up to 1998, which included a tabulation breaking down separately between undisturbed Kyoto forests and emissions associated with clearing of regrowth on previously cleared lands. That is all tabulated.

Senator Hill—The answer is on the public record.

Senator WONG—Is the rate of remnant clearing reasonably stable in the absence of government policy such as that which we are discussing? Is it increasing or decreasing?

Mr Carruthers—It is simply tied to the landholders' decisions about ongoing land management. As there is re-intrusion of tree cover, they will decide on optimal reclearing cycles, which typically occur at, say, decadal intervals.

Mr Bamsey—It relates to the weather.

Senator WONG—The study that is on the Web—when does that relate to? What time period are we looking at?

Mr Bamsey—It is a socioeconomic study of the implications of the proposal, which was tabled last week with stakeholders in Brisbane. That study was undertaken by ABARE and BRS and it is accompanied by an analysis of the greenhouse implications of the proposal by the AGO and of the biodiversity implications of the proposal by Environment Australia.

Senator WONG—One of the things that has been reported in the public is an increase in rate of clearing in Queensland leading up to this agreement. There has certainly been some media on that. Do you have figures as to what the rate of remnant clearing is currently or has been for the last year, for example?

Mr Carruthers—No. The published results that I mentioned a moment ago were up to the period 1998. We discussed this subject at a previous estimates hearing. We are on track to deliver for reporting later this year the results up to end 2001.

Senator WONG—So at this stage the most recent figures you have are 1998.

Mr Carruthers—Correct.

Senator WONG—So you have no figures relating to the rate of clearing beyond that at this stage.

Mr Carruthers—Not complete figures. We discussed at the last estimates hearing that we have figures for a large part of the end of 2000, but it is not a full record. We provided considerable information on that last time.

Senator MACKAY—Can you provide us with what you have got. You talked about figures being available towards the end of this year and the period 1998. You talked about some information that is available. Did you say 2000 or 2002?

Mr Carruthers—We have purchased data for the year 2000—that is, from the satellite data. It has not been processed through to the point of a reporting output. That will occur in the product later this year.

Senator MACKAY—What can you advise the estimates committee of now—only 1998 data?

Mr Carruthers—It is on the public record, as I mentioned.

Senator MACKAY—That is it, is it? That is all we have—1998 data.

Mr Beale—That is with respect to the National Carbon Accounting System. Queensland publishes its own data, which is under a system called SLATS. Under its estimates: 378,000 hectares were cleared in 2000-01, which I think is the latest year for which figures are available; 738,000 hectares in 1999-2000; and for the four years before that it averaged 435,000 hectares. But there is a difference between the Queensland data and the national carbon accounting data to the extent that the Queensland data includes all forest types, whether or not they would qualify for the Kyoto protocol. In fact, some of them would not be described as forest types. Open savannah would not meet the Kyoto criteria.

Senator WONG—I would like to know, for the purposes of the package that has now been announced, what data was used to project the greenhouse gas emission benefit resulting from it. Were you using 1998 figures or did you make some other assumptions about land clearing rates?

Mr Carruthers—We basically took it with reference to the 1998 levels and the reductions that could be achieved from those levels.

Senator WONG—Have you done any projected clearing rates for the future, beyond this financial year or currently?

Mr Carruthers—No, there is no real scientific method for doing this. We took the proposition that, if one were to continue—obviously, this is an assumption—at 1998 levels, what would the savings be from that reference point. It is very hard to scientifically project what future land clearing rates might be under whatever scenarios.

Senator WONG—Did you look at what the likely impact might be on the rate of regrowth clearing as a result of the ban on remnant clearing? In other words, are people going to clear more regrowth because they cannot clear remnant?

Mr Bamsey—The possibility of displacement?

Senator WONG—Yes.

Mr Bamsey—Again, it is impossible to know. If you think of it at the farm level—

Senator WONG—Yes, I understand that. The answer is that you did not. Does that 25-megaton figure assume no displacement between remnant clearing and regrowth clearing?

Mr Beale—I think the way of saying that is: it would assume that this is net of any displacement into Kyoto relevant regrowth. This is looking at both a ban effectively on Kyoto

relevant remnant and then a netting-off of any impact on Kyoto relevant regrowth. This is an overall reduction from the 1998 assumed Kyoto clearing rates. If, counterfactually, the rates after 1998 had gone higher, then it is an even larger reduction.

Senator WONG—Have you built in any assumption as to displacement through landholders making a decision to clear more regrowth rather than remnant vegetation as result of the ban or are you assuming they will not?

Mr Carruthers—There were no specific assumptions made on that point. At the time the analysis was done—and, I think, to this date—the fine detail of the proposal that is contained in Dr Kemp's release had not been elaborated on. So you would need to do, if you like, a second round analysis after that was settled. But, in the report that Mr Bamsey mentioned, which has been released and is on the web site, it does specifically include in the continuing emissions levels up to a 25 million tonne saving, an estimate of approximately 10 million tonnes of CO₂, from continued regrowth clearing.

Mr Beale—That is right.

Senator WONG—Which is based on the 1998 rate?

Mr Carruthers—Yes, that is right.

Senator WONG—So your 25-megaton projections assume that landholders will not change their rate of regrowth clearing despite a ban on the clearing of remnant vegetation. Is that right?

Mr Beale—No, it does not assume that. What it assumes is that the impact on Kyoto relevant regrowth will not be significantly greater—

Senator WONG—Will not change?

Mr Beale—than the 10 million.

Senator WONG—That is right—so people will behave—

Mr Beale—But most regrowth is not Kyoto relevant, whereas most remnant is Kyoto relevant. If that is clear, only a small element of the quantitative effects of displaced effort into regrowth clearing will be Kyoto relevant.

Senator WONG—I understand that. What percentage of regrowth is considered to be Kyoto relevant in Queensland? Surely you have looked at that. Are you able to answer that, Mr Carruthers?

Mr Carruthers—No, we do not have an answer to that.

Senator WONG—Mr Beale just said 'most'. Are we talking about one, two, 10, 20 or 30 per cent or more?

Mr Beale—That depends whether you are measuring it by hectares or by tonnes of carbon.

Senator WONG—I am asking you to clarify your answer. You said that most regrowth vegetation is not Kyoto relevant.

Senator Hill—What did you mean by 'most', Mr Beale?

Mr Beale—If you visually inspect the map, most of the remnant vegetation is Kyoto relevant. Most of the regrowth is not Kyoto relevant. But there is some Kyoto relevant regrowth.

Senator Hill—That is on an aerial basis.

Mr Beale—Yes, on an aerial basis. Now if you were to convert that—there are many ways of measuring it; another way would be to measure it by tonnes—a relatively smaller proportion of the regrowth is Kyoto relevant. I have not got the precise figures by hectare. It would be possible to get them.

Senator WONG—Would it?

Mr Carruthers—I think you are probably trying to get to the question of: can one estimate the likelihood of displaced regrowth clearing activity? That is a quite complex task because obviously the non-Kyoto vegetation is likely to be on less productive land and it gets into questions about the economics of the clearing.

Senator WONG—I understand that. What I am trying to do, Mr Carruthers, is work out the basis on which you have modelled and announced 25 megatons of greenhouse gas abatement. I think it is pretty reasonable.

Mr Bamsey—Just to clarify, the full report is on the AFFA web site, not ours.

Senator WONG—Thank you, Mr Bamsey.

Mr Bamsey—It is part of the BRS-ABARE study.

Senator WONG—Can you just remind me when something becomes Kyoto relevant, regrowth in particular?

Mr Beale—Before we answer that, if we were to have continued 1998 levels of clearing—that is, just running 1998 out—it would be approximately 45 megatons. So the 25-megaton gain, if you like, is a fairly conservative reduction in the amount of Kyoto relevant emissions from land clearing.

Senator WONG—That is making an assumption about the current rate of clearing?

Mr Beale—As I said earlier, if the counterfactual was that the rate of clearing was higher then by definition the reduction would be greater.

Senator WONG—Are you able to provide us with some information that clarifies the issue we are discussing about the percentage of remnant and regrowth which is Kyoto relevant in Queensland or some data that explains that. I am happy for you to take that on notice.

Mr Carruthers—Yes, as I mentioned, there is a report on the public record that we can provide to you.

Senator WONG—I understood you said that you had more updated information on that, Mr Carruthers.

Mr Carruthers—No.

Senator WONG—You have nothing beyond 1998?

Mr Carruthers—No.

Senator WONG—So the figure of 25 megatons—

Mr Carruthers—Later this year we will have up to the end of 2001.

Senator MACKAY—What is the difference between now and the end of this year? What have you got now? Nothing. You have no raw data—nothing.

Mr Carruthers—It is all in process at the moment.

Senator MACKAY—What do you mean in process? What stage is it at?

Mr Carruthers—The data has been purchased and it has been registered—in other words, it has been attached to its geographical reference points. As of yesterday it is out with a series of about half a dozen contractors to process the continental data. We will be giving priority to the output of the Queensland data.

Senator MACKAY—That is a bit more comprehensive than no.

Senator WONG—Are you able to provide us with data that is more up-to-date than the 1998 data?

Mr Carruthers—No, not today. In a few months time we will have those results.

Senator WONG—What do you have now, Mr Carruthers?

Mr Carruthers—We have purchased satellite data and we have begun processing.

Mr Beale—Mr Carruthers just explained what he has, which is raw digital data which has then been partly processed to its geographic location but has not been analysed for the changes in cover and for the carbon fluxes between the two points in time. That raw data is not going to be of any use to you.

Senator WONG—That is fine. In terms of clearing rates, can I just clarify that your modelling assumes rates of clearing as per the 1998 rates. Is that correct?

Mr Carruthers—That was the working assumption for this model.

Senator WONG—Is the 45-megaton figure that you just outlined, Mr Beale, predicated on preventing both remnant and regrowth clearing or only remnant, as per the current agreement?

Mr Carruthers—The 45 million tonnes is made up of a composite of the clearing of undisturbed Kyoto forest, which is the dominant fraction, and the emissions associated with Kyoto relevant regrowth clearing, which is the minor fraction.

Senator WONG—But it is not suggested under this agreement that that second aspect be subject to any ban, is it?

Mr Beale—Correct.

Senator WONG—So the 45 million tonnes is overstated because that is not what your agreement delivers.

Mr Beale—That is why there is the suggestion that it is a 25-megaton—

Senator WONG—So you are assuming 25 megatons from preventing the clearing of remnant regrowth?

Mr Carruthers—Yes.

Senator WONG—Do we know how many permits have already been approved in Queensland for the clearing of remnant and regrowth vegetation on a per hectare basis, or on any basis?

Mr Bamsey—I think that these details are in the report.

Senator WONG—Perhaps you can tell me anyway, Mr Bamsey.

Mr Bamsey—I would have to check; I just cannot recall those details.

Senator WONG—Is there anyone here from the Greenhouse Office who can?

Mr Beale—Perhaps Mr Hunter from my department.

Mr Hunter—Your question was about the number of permits which have been issued in Queensland at the moment. My recollection from the report, which Mr Bamsey has mentioned, is that there are permits with respect to around 1.3 million hectares. That is a calculation of the area of permits which would be likely to be acted upon. In fact, the area covered by those permits is somewhat larger than that, but the 1.3 million hectares represents the best calculation that Queensland government officials have been able to make about the extent of those permits which would be likely to be acted upon.

Mr Bamsey—There are current permits, as I recall.

Senator WONG—They are current permits and 1.3 million hectares represents the area that is currently uncleared?

Mr Hunter—Yes, that is the area covered by those permits.

Mr Bamsey—I think those current permits continue to expire. As each month goes by, some of them expire so the number changes all the time.

Senator WONG—I appreciate that and I am grateful for the advice. The land clearing proposal that the government announced just after the budget does permit the retention of current permits, does it not?

Mr Hunter—Correct.

Senator WONG—Was that factored into your modelling—the 1.3 million hectares?

Mr Bamsey—I do not know that it was explicitly factored in. The key point was the cessation of clearing of the remnant that was available for clearing. Mr Carruthers can probably clarify that point.

Senator WONG—Am I misunderstanding something? Does the agreement allow for the continuation of clearing of remnant vegetation if there is already a permit issued?

Mr Hunter—Correct.

Senator WONG—So we have to wait until the expiry of that permit before the ban cuts in?

Mr Hunter—Yes.

Senator WONG—So, presumably, to get the actual greenhouse gas benefit of this policy you would have to assume that the 1.3 million hectares goes? Is that not right?

Mr Bamsey—Those permits will expire within about 2½ years, so after that no further clearing under current permits will take place. If I can oversimplify—and Mr Carruthers will correct me if I have oversimplified too much—the main effect on the commitment period 2008-12 would be from clearing which took place after 2006.

Senator WONG—But I thought Mr Hunter's evidence was that that is the best estimate from Queensland about what will actually be cleared under current permits. Is that not right?

Mr Hunter—That is correct but, as Mr Bamsey says, those permits expire progressively over time. I cannot quite recall the exact rate at which they expire, but most of them would have been acted upon or not acted upon within the next two years. That is my recollection.

Mr Bamsey—Yes, I think that is correct.

Senator WONG—In terms of your modelling as to the abatement that is likely under this agreement, did you make allowance for any of the exemptions in the proposal?

Mr Carruthers—Yes. Out of that 45, as we have mentioned already, up to 25 million tonnes attaches to the remnant Kyoto forests, as I have already mentioned, 10 million associated with regrowth, and there was an assumption of nine million tonnes of emissions associated with the combination of so-called exempt activities and what we term 'lagged emissions', which allows for the delayed effect of emissions after the time of clearing. It is some number below nine million tonnes.

Senator WONG—Nine million in additional emissions?

Mr Carruthers—No, it is within the 45 million.

Senator WONG—That is part of the first subtraction?

Mr Carruthers—Yes.

Senator WONG—One point three million hectares is a very large number. It is certainly more than a number of people have been suggesting. Can I just clarify what precisely that is? Is that the number of areas assessed by the Queensland government as being subject to permit and potentially able to be cleared prior to the expiry of the permits?

Mr Hunter—Yes. It is the area calculated by the Queensland government officials of extant permits, which is likely, according to their calculations, to be acted upon, so 1.3 million is their best estimate. It is comprised of a set of permits which had been issued over time and which expire progressively over the coming year.

Senator WONG—What is the time limit on those permits? You say they expire progressively.

Mr Hunter—I believe that there is a mixture of permits there. Some are for a period of five years, although not many, and a number are for a period of two years. Queensland, as I recall, changed its practices in terms of the issuing of permits a number of years ago from issuing permits of five years duration to permits of two years duration.

Senator WONG—Are you able to provide us with some indication of what percentage of those are five-year permits?

Mr Hunter—I would have to take that question on notice.

Senator WONG—I am happy for you to take that on notice. What I would like to see, because hopefully a reasonable amount of Commonwealth money is going to be spent on this proposal, is some indication about who is outside the system and how many hectares are likely to be affected. Just remind me, Mr Hunter: those permits would permit both remnant and regrowth clearing; is that right?

Mr Hunter—My recollection is that there are, amongst that group, a mixture of permits, some of which would relate to regrowth and some which would also relate to clearing for fodder purposes and so on. My recollection of our discussions with the Queensland officials was that their databases were not particularly amenable to clearly distinguishing the purposes of all these permits. So providing a precise breakdown of the number which might relate to remnant versus the numbers that might relate to regrowth or fodder clearing may be difficult.

Senator WONG—But you have assumed that some or a proportion of these permits would permit remnant clearing.

Mr Hunter—Yes.

Senator WONG—Does the 500,000-hectare cap that was announced subsequent to the budget between now and 2006 refer only to new permits?

Mr Hunter—That is correct; that would be additional to the amount of extant permits.

Senator WONG—As I understood your earlier evidence, the 1.3 million is already discounted in terms of actual areas where people have permits allowing them to clear; it is what the Queensland government officials have said is likely to be acted upon in the time frame. Is that right?

Mr Hunter—That is correct.

Senator WONG—What is the total area available for clearing under permit?

Mr Hunter—The 1.3 million was derived from a total area of 1.8 million hectares.

Senator WONG—The historical experience of issuing the permits, as we understand it from Queensland officials, is that somewhat less than 50 per cent are normally acted upon. The 1.3 million calculation takes into account an expectation that rather more than that average might be acted upon, given the announcements that have been made about the intention of the new scheme in Queensland.

Senator WONG—But even under those figures it is correct to say that with the cap plus the existing permits you are looking at about 1.8 million hectares which would still be subject to or available for clearing.

Mr Hunter—That arithmetic is correct.

Senator WONG—I assume that the experience of only having 50 per cent of your available clearing acted upon would tend to not occur here, because people know there is a ban and they would be more likely to take up the ability to clear. Is that why the 1.3 million rather than 0.9 million has been—

Mr Hunter—That is my understanding of one of the factors that Queensland officials took into account in making that calculation—that, because of the announcement effect, rather more than normal would be acted upon.

Senator WONG—If one assumes that there is a displacement effect into regrowth and if one assumes the 1.8 million hectares which would still be able to be cleared under these proposals, is there really any guarantee that there will be a reduction in emissions as a result of this proposal?

Mr Carruthers—I believe that was answered earlier in saying that the permits, one way or another, would no longer be in existence by the time we reached the Kyoto target period of 2008 to 2012. Either they would have gone past their use-by date or they would have been utilised by the farmers. One way or another, the clearing would not be occurring in the Kyoto period.

Senator WONG—Is there any limit at all on the amount of regrowth clearing under the agreement?

Mr Hunter—There would be limits. In existing Queensland legislation there are provisions which enable limits to be placed on regrowth clearing. For example, they allow for the declaration of areas of particular nature conservation or land degradation danger which would then enable a limit to be placed on regrowth clearing in particular areas. The definition of these areas of special interest or degradation is in part taking place through the development of regional vegetation management plans under the Queensland act.

Senator WONG—That is referred to in the proposal. But that is a separate process from the actual agreement with the Queensland government, isn't it?

Mr Hunter—It would represent the continuation of ongoing limits to regrowth clearing. The proposal that is out there in the public at the moment does not envisage major change in that area, although I should stress that the proposal is still being worked through in detail and I would not rule out the possibility that there might be some alterations at the edge in relation to that.

Senator WONG—Just going back to rates—I appreciate we are working off older figures—Mr Carruthers, I thought you gave me some figures of 378,000 hectares for the 2001 financial year, 738,000 for the 2000 financial year and 435,000 for 1999. Is that right?

Mr Carruthers—It was Mr Beale.

Mr Beale—In fact, it should be 378,000 for 2000-01, 758,000 for 1999-2000 and an average of 425,000 over 1997 to 1999.

Senator WONG—So the cap which is being trumpeted in the proposal with the budget is in fact greater than the average annual rate of clearing that you have just given me. Is that right?

Mr Beale—I will try to answer this and then my colleagues can add to it. We have just been talking about a stock of permits that are outstanding. This is an annual rate. That stock of permits has a finite lifetime. The stock, at the rate of clearing, would have been exhausted in any case in three to four years, but those permits expired. So the ongoing clearing rate, to the extent that it focuses on regrowth vegetation, is in areas that are predominantly not Kyoto relevant. It will also avoid areas Mr Hunter spoke of which are of great interest from the point of view of biodiversity or risk of land degradation. So it is not appropriate to compare a stock of permits outstanding with an annual flow.

Senator WONG—I am making the point that you are looking at 1.8 million potentially still being cleared, in compliance with the agreement, between now and 2006. Certainly half a million is subject to that, and then the 1.3 million I guess is subject to when the permits expire.

Mr Bamsey—Which will be much earlier than that.

Senator WONG—Which will be earlier. So you are looking at 1.8 million between now and 2006. That is an average rate of clearing which is higher than the figures you have now given me.

Mr Hunter—The average rate of clearing Mr Beale mentioned of 425,000 hectares per annum from 1997 through 1999 includes regrowth. It is not simply a representation of remnant clearing. It is remnant and regrowth.

Senator WONG—Yes, I understand that. We are talking about permits plus the 500,000. The 500,000 is in relation to remnant and the 1.3 million would be a mixture of both, presumably.

Mr Hunter—As I mentioned before, the 1.3 million is a mixture, the proportions of which we do not have precise information on.

Senator WONG—So the annual rate of clearing of 425,000 hectares per annum refers only to remnant vegetation. Is that right? Is that the evidence you just gave?

Mr Hunter—My clarification was that the 425,000 hectares per annum average of clearing represents both remnant and regrowth. Roughly speaking, the proportion of that which is represented by regrowth would be between 35 and 40 per cent.

Senator WONG—To come back to my original question, what you have is a proposal that caps between now and 2006 remnant clearing to 500,000 hectares, plus allows about 1.3 million hectares to be cleared under the existing permit arrangements and permits additional regrowth clearing on top of that. I suggest you are looking at annual clearing rates which are higher than the average you quoted before for the period 1997 to 1999. How is there any greenhouse benefit in that?

Mr Beale—It is worth remembering the earlier evidence you got—that the permit rates in the past have frequently more than doubled the actual clearing rates. Not all of that land—

Senator WONG—We also have evidence—

Senator Hill—One at a time; otherwise we will be here for a month. Finish your answer. Discipline, Mr Chairman!

CHAIR—Sorry.

Mr Beale—I was going to say that this is not necessarily an absolute forecast of what will be cleared over this period of time but an indication of a limit. For the Kyoto period, what is particularly relevant is clearing from about 2006 on and clearing of Kyoto relevant vegetation. It is in the Kyoto time frame that the focus on 25 megatonnes occurs.

Senator WONG—But we have already had a discount for that. Mr Hunter's evidence is that there has already been a discount applied by the Queensland officials in relation to the area under permit which is likely to be cleared from 1.8 million hectares to 1.3 million

hectares. My point is simply that if, between now and 2006, under the proposal this budget suggests the government will spend money on you have 1.3 million hectares able to be cleared under existing permits, 500,000 hectares of remnant vegetation which will be able to be cleared and, as I understand it, no restriction—unless it is in a vegetation management plan on regrowth clearing—you could actually have rates of clearing higher than the 475,000 average rate you identified. So why are we spending money on this agreement?

Senator Hill—If you do not get a net reduction, you do not get a greenhouse saving under the Kyoto agreement.

Mr Beale—But you are talking about the period through to 2006. What is particularly important for Kyoto purposes is the period from 2006 on.

Senator WONG—Does that mean, Mr Beale, that this package does not actually give any benefit until post 2006. Is that what you are saying?

Mr Hunter—It would provide for protection of what is known as of concern vegetation on freehold land from the time at which the 500,000 hectare per annum cap commenced. So that protection would be available immediately.

Senator WONG—The press release refers to \$150 million—

Senator Hill—Mr Chairman what should we do with this mass of bureaucrats sitting behind me? If this going to go on for another hour or two, should we send them back to their desks?

Senator WONG—I will not be much longer on land clearing.

Senator Hill—It is an interesting exchange, but it might be better in another room.

CHAIR—Senator Wong, can you keep to the budget aspects.

Senator WONG—I am talking about the \$150 million that has been committed to this. I would have thought it quite appropriate to be asking about this at estimates.

Senator Hill—The subject matter is fine, but it is supposed question and answer delivered within reasonable restraints; otherwise, you set it up as a separate committee inquiry.

Senator WONG—The \$150 million that is referred to in the press release in relation to the cost of this package is to be shared equally, is it, between the Commonwealth and the Queensland governments?

Mr Hunter—The proposal under discussion envisages that.

Senator WONG—Is that funding proposed to be met through the AGO's funding?

Mr Bamsey—The funding details have not been settled and will not be until the arrangements are settled, but it is possible that AGO funding will provide part of the Commonwealth contribution.

Senator WONG—Have you done some costings as to what the dollar per tonne return on the funding is?

Mr Bamsey—That is in the report again. Mr Carruthers might prompt my memory—

Mr Carruthers—I can read the details from the report, if you wish, or it is available to you. It has got the initial economic analysis on it.

Senator WONG—This is the report on the AFFA web site?

Mr Carruthers—Correct.

Senator WONG—Can I move on to ethanol. AGO did a study, which I understand was conducted by CSIRO and RMIT, for you which looked at greenhouse gas abatement resulting from alcohol fields. Is that right, Mr Bamsey?

Mr Bamsey—I will ask Dr Wright to respond to this.

Dr Wright—We did have a study, which was a whole of life cycle analysis of a broad range of alternative fuels, and it was underwritten by CSIRO.

Senator WONG—And it is the case, is it not, that the study found that it was yet to be demonstrated that large-scale production of alcohol can be technically feasible and economically viable and that alcohol fields in some instances can lead to urban air quality benefits but it is difficult to generalise and some emissions increase and others decrease? Is it the case that that report indicated that ethanol blends are best considered greenhouse neutral?

Mr Beale—My recollection of the report was that it indicated that the greenhouse effect did depend on the way in which the fuel was produced at source and so on and, as you say, it was considered in that report to be likely to be greenhouse neutral. The work that was done for us in emissions testing by Orbital, as part of the testing of ethanol at 20 per cent blends, showed a tailpipe CO₂ reduction—

Senator WONG—Showed a what?

Mr Beale—It showed a tail pipe CO₂ reduction—in other words, there was a modest gain, a modest greenhouse benefit, measured in that trial. I think a fair description would be that it is possible to get modest benefits from some ethanol applications. Others are likely to be neutral and some might even be negative. I think this is almost identical to the evidence I gave this committee six months ago and a year ago.

Senator WONG—Dr Wright, could I return to my question to you.

Dr Wright—With pure ethanol, as I believe we discussed last time, it depends on the feedstock, the transport method and the method of production as to the greenhouse benefit or not. The CSIRO study showed that ethanol blends around E10 are likely to be greenhouse neutral, as Mr Beale has said.

Senator WONG—So ethanol around E10 would be greenhouse neutral?

Mr Beale—That is what the study said; there are other studies that are more positive from a greenhouse point of view for ethanol. Not everyone in the ethanol industry would accept the CSIRO's conclusions.

Senator WONG—Did Environment Australia not also release an issues paper that made the same point?

Mr Beale—I believe that Environment Australia has always made it clear that the well-to-tank data depend critically on production methods—that is the well-to-wheel, if you like, emission effects. Certainly some of the earlier advice we have had from the Australian Greenhouse Office is that some of the fractions of molasses applied to production of ethanol can have net greenhouse benefits. As I think I have advised this committee before, clearly

other forms of production are neutral at best and some can be negative. So it very much depends on where you draw the ethanol source from and how.

Senator WONG—So do you accept the RMIT-CSIRO study that they did for the AGO as a reasonable articulation of the position? Is that the view of the AGO?

Dr Wright—As Mr Beale has said, there has been a range of studies, including studies in the US. They have looked at different aspects of ethanol production and use. The CSIRO study is soundly based and we are happy that it is a competent analysis. There is a range of analyses and factors and, as I drew your attention to, pure ethanol really depends on the production methods. You asked for details and I could refer you to table 1 on page xvix in the CSIRO report which actually has the data on E10.

Senator WONG—As I understand Mr Beale's comments, whilst there might be some tail pipe emission, it is correct to say that the general indication from that study is that ethanol is a greenhouse neutral fuel.

Mr Beale—The general indication from the study is that it depends on where you draw the ethanol from. If you are taking it as a fraction of molasses that would otherwise be a by-product in North Queensland, it may well be greenhouse positive; it might be a benefit. On the other hand, if you are sourcing it in a different way, it might be at best neutral. If they can move to new technologies to use ligno-cellulosic production methods, then it could be significantly beneficial. I am very reluctant to make a statement about ethanol, because ethanol can be produced in so many different ways.

Senator WONG—But you provided advice as to whether or not it was appropriate for GGAP to be used as a source of funds for the purchase of capital equipment for ethanol production or blending, did you not?

Mr Beale—Yes, I provided advice of that sort.

Senator WONG—Given that your own studies indicate that at best ethanol is greenhouse neutral, why do you say that the use of these funds meets GGAP criteria?

Mr Beale—Going back to what I said, in some circumstances ethanol can be of greenhouse benefit. The circumstance I particularly referred to was molasses fractions—I think called molasses C, from memory, which is produced at sugar mills in North Queensland—and my recollection is that the Australian Greenhouse Office did decide that this was greenhouse beneficial and did provide some funding under the GGAP program.

Senator WONG—But you agree there were departmental concerns raised—I think some of these have been made public—about whether or not GGAP funds used for this purpose would actually meet the criteria?

Mr Beale—I can recall Senator Carr asking me about a year ago about some concerns that have been expressed somewhere.

Senator WONG—In the context of the greenhouse agency commissioning a 'soundly based' report—as Dr Wright diplomatically put it—which indicates that ethanol is greenhouse neutral, it does cast some doubt, does it not, over the government's use of GGAP funding for this purpose?

Dr Wright—I said that when we were talking about E10 blend compared to premium unleaded petrol. So that was a specific comment.

Mr Shevlin—As we discussed either last time or the time before, we have funded two ethanol projects under GGAP. But, as Mr Beale has explained, to fund those we need to look at both the feedstock source and whether that is effectively a waste product that we are using and the energy source that is being used for the processing of that. It is only when you have effectively a low-emission energy source and a waste product being used that you can generate a positive greenhouse outcome. It is in that circumstance that we have agreed to fund two projects; so it is not inconsistent at all.

Senator WONG—So are you telling me that the only GGAP funding that is going towards the ethanol package is funding that you say you can justify?

Mr Shevlin—No, I am talking about two GGAP funded ethanol projects.

Mr Beale—I think the answer to that question is yes.

Senator WONG—What else is being funded out of the GGAP in relation to the government's ethanol announcements?

Mr Shevlin—Nothing.

Senator WONG—Just those two projects?

Mr Shevlin—Yes. There are those two and a contribution—

Mr Beale—We jointly did a study, as you know, which I referred to—

Senator WONG—The CSIRO and RMIT study.

Mr Beale—It was CSIRO, RMIT, and Orbital, who did the practical testing. That report is also on our web site. I can read to you, if you wish, the Orbital report conclusions.

Senator WONG—I have bits of it here, Mr Beale. Can we move on to the climate action partnership. How much funding has been committed to the climate action partnership with the US?

Mr Carruthers—There is no direct budget allocation for the Australia-US climate action partnership. It is an integral part of existing program activity within the Australian Greenhouse Office and, indeed, other departments. The benefits of engaging in partnership activity with the US, or indeed with any other country, are measured on the merits of the case and their appropriateness to the program.

Senator WONG—Surely there have been some internal workings out as to how much money it is all going to cost. Do you have any estimates as to how much you are going to be able to pull out of the AGO or other programs to fund this?

Mr Carruthers—No, there are no estimates. What I am indicating is that, for example, in the area of scientific activity on climate change—where we are engaging in collaborative work with the US, as indeed we are engaging in collaborative work with a number of other countries—it is integral to the program design to build upon that collaboration and it is not, if you like, specifically earmarked for the US.

Senator WONG—Have you any figures on the amount of funds both expended on or projected to be expended in the future on the climate action partnership with the United States?

Mr Carruthers—No.

Senator WONG—You do not have anything at all.

Mr Carruthers—No.

Senator WONG—So, if Mr Bamsey wanted to, he could spend \$10 million of his funds on this. Is that how it works?

Mr Bamsey—No, that is not how it works.

Senator WONG—There must be some sort of indication as to what the costs are likely to be.

Mr Bamsey—As I recall, at the last hearing you asked some questions about travel costs and we supplied an answer to that. It might help to explain why there is no particular allocation for this if we point out that our role in the climate action partnership is essentially catalytic. Our contribution is to see opportunities, to recognise who might meet them and to bring them together.

Senator WONG—I am not actually asking questions about why we are doing it; I am asking questions about the money. How much funding has already been spent to date on the climate action partnership with the United States?

Mr Bamsey—We could not give you an answer on that. The way we have handled it is, as I have said, catalytic. We will not sit down or put a group of people together and say, 'Here is your budget; work on the climate action partnership.' That is not how it works. It is picked up as part of our general activity. We see opportunities.

Senator WONG—I understand what you say. I would like to know how much money is being spent on it.

CHAIR—Senator Wong, Mr Bamsey is saying that he cannot tell you.

Senator Hill—It has not been defined in that distinctive form.

Senator WONG—Can it be taken on notice?

Mr Bamsey—I do not think I could.

Senator Hill—How are you going to separate it from the range of actions that are encompassed within it?

Senator WONG—Actual expenditure.

Mr Bamsey—We gave you some estimates of travel expenditure. I do not believe it would be possible to give you an estimate of actual expenditure. For example, I might have two or three conversations a day with people on the climate action partnership and those individuals might have another two or three conversations. That is the essence of the AGO role in this.

Senator WONG—Are you the primary agency involved with this? Is EA involved at all?

Mr Bamsey—We are coordinating the climate action partnership, but there are many agencies involved in the task.

Senator WONG—Have there been any further trips subsequent to the trips in relation to which you provided answers to questions on notice on the last occasion?

Mr Bamsey—I am not sure; we would have to check. I would have to take that question on notice.

Senator WONG—When did the minister visit the United States?

Mr Bamsey—Most recently?

Senator WONG—Yes.

Mr Bamsey—In April-May.

Senator WONG—Do you have the costs of that trip?

Mr Bamsey—Not to hand, but he visited New York on that occasion for the UN Commission on Sustainable Development.

Senator WONG—Who accompanied the minister from the AGO?

Mr Bamsey—I did.

Senator WONG—And how many other departmental people?

Mr Bamsey—Mr Beale attended, as I recall. There was an additional AGO officer who was present.

Senator WONG—Could we have the names and positions of the people who went on this trip and the costs associated with that please? I am happy for you to take that on notice.

Mr Bamsey—I underline that the trip cannot be attributed solely to the climate action partnership.

Senator WONG—Solely. Partly?

Mr Bamsey—Partly, yes, but in New York, for example, while the commission was going on, we and the minister were engaging in a range of discussions with other delegates about climate change.

Senator WONG—Where did you go—New York and where else?

Mr Bamsey—Washington.

Senator WONG—Was the primary purpose of the trip to pursue this partnership?

Mr Bamsey—The central reason for the trip was for the minister to attend the Commission on Sustainable Development, which is a major meeting that takes place every year involving mainly environment ministers.

Senator WONG—But, presumably, you discussed the partnership with the United States?

Mr Bamsey—We did. That is what I mean by catalytic—we would use an opportunity.

Senator WONG—Yes, I understand. Did you also discuss the Kyoto protocol?

Mr Bamsey—I am sure we did—with a range of delegations.

Senator WONG—Has there been any discussion about ratification of the protocol?

Mr Bamsey—We were at times asked whether the government was reconsidering its position, and when I was asked that I said no.

Senator MACKAY—Who did you discuss the Kyoto protocol with?

Mr Bamsey—I cannot recall precisely, but it was with a range of delegates at the CSD.

Senator MACKAY—Who? You must be able to remember some of them.

Mr Bamsey—I can remember a Swiss colleague. I could go through a list, but it would take me a while to recall the details.

Mr Beale—I think it would be fair to say that the Kyoto protocol and the UNFCCC are issues that would arise from time to time. This was the United Nations conference.

Senator WONG—Were there discussion with officials or representatives of the United States government about Kyoto ratification?

Mr Beale—Not that I recall.

Mr Bamsey—I do not believe so.

Senator WONG—Not while you were present?

Mr Bamsey—Not while I was present. I do not recall. Mr Beale does not recall any such discussion.

Senator WONG—You do not recall any discussion with any representatives of the United States government about ratification of the Kyoto protocol?

Mr Beale—Ratification by whom?

Senator WONG—By either Australia or the United States?

Mr Beale—No; not that I recall.

Senator WONG—Are you aware, as a result of this trip, what the position of the US government is in relation to renegotiation of the Kyoto Protocol?

Mr Bamsey—I do not know of any discussion of renegotiation of the protocol by the United States or by anybody else.

Senator WONG—Do you have any knowledge, Mr Beale?

Mr Beale—I agree with Mr Bamsey.

Senator WONG—Have you been asked to provide advice on the scenario of the US seeking to renegotiate the protocol?

Mr Bamsey—No, I have not.

Senator MACKAY—Has anybody else?

Mr Bamsey—Not that I am aware of.

Senator MACKAY—What about you, Mr Beale?

Mr Beale—No.

Senator WONG—I turn now to MRET.

CHAIR—Are you finished with the Australian Greenhouse Office.

Senator WONG—No, they still do this.

Senator Hill—Chair, I am still worried about all these bureaucrats sitting here.

Senator MACKAY—Why are you worried?

Senator Hill—Do we get some sort of time plan?

Senator WONG—If we have a short break at some point, I would be happy to go through whom I am likely to need with Senator Hill, if that is what he is asking for.

Senator MACKAY—The program is printed, Senator Hill; we will just go through it seriatim.

Senator Hill—Then we will send all these people away and when you get to the next item bring them all back.

Senator MACKAY—They do not have to sit in the room; they can go and have a cup of coffee.

Senator Hill—If you cannot provide a reasonable time frame—

Senator WONG—We were not asked to provide a time frame for questions.

Senator MACKAY—No, we were not.

Senator Hill—I am now asking for one.

Senator WONG—I am happy to do that, but we need to have a break.

CHAIR—Let us finish the Greenhouse Office first. Minister, we were not sure whether we could run the whole portfolio through today, and that is why it is very difficult to set a schedule.

Senator MACKAY—Who was assured of that?

CHAIR—There was some possibility.

Senator MACKAY—There was never any possibility, Chair; that is wrong.

Senator WONG—No, never; that is why we are sitting tomorrow.

Senator Hill—Why are we bringing all these people here today then?

CHAIR—In that case, we will need all the officers here. That is the minister's point.

Senator MACKAY—You have been part of these negotiations. We will do this seriatim as printed on the *Notice Paper*, and let us just not play games.

CHAIR—But the minister's point is quite valid.

Senator MACKAY—The minister can come in here three-quarters of the way through a process and make whatever—

CHAIR—If we do not need these officers, we do not need to keep them sitting here.

Senator MACKAY—These are budget estimates.

Senator Hill—This is a waste of resources.

Senator MACKAY—You are wasting our time, so let us just get on with it.

CHAIR—Perhaps Senator Wong can finish her inquiry of the Greenhouse Office.

Senator MACKAY—If you would stop talking, we could get to that.

CHAIR—Then we can have a break and discuss the program further.

Senator MACKAY—We will think about it.

Senator WONG—In relation to the MRET review, which was chaired by Grant Tambling, who is a former CLP senator for the Northern Territory, were you asked to provide advice as to Mr Tambling's qualifications to conduct such a review?

Dr Wright—We were asked to provide advice purely on the definition of the independence of a panel member as prescribed in the act, and that is the extent of our advice on the panel members.

Senator WONG—So you were asked to provide advice as to whether or not he would be considered independent?

Dr Wright—On the whole panel.

Senator WONG—Which included Mr Tambling?

Dr Wright—Yes.

Senator WONG—Does he have any background in energy?

Mr Bamsey—I cannot answer that. I am not sure.

Dr Wright—I do not have a bio of the former senator with me. The panel was appointed by the minister.

Senator WONG—What was your advice regarding the issue of independence?

Dr Wright—In the act there is a definition of having been employed by the Commonwealth and we sought clarification on whether the timing of that employment was related to the period of engagement or the period of payment. That was the most technical aspect that we had to look into.

Senator WONG—So did you provide advice specifically as to whether or not Mr Tambling's background rendered him ineligible by virtue of the independence requirements of the act?

Dr Wright—The act requires that one of the panel members be independent—

Senator WONG—So they could put him on as long as—

Dr Wright—It is not specific as to the number of panel members that can be appointed.

Senator WONG—And that was the nature of your advice?

Dr Wright—Yes.

Senator WONG—Can I briefly refer back to climate action partnership. Is it the case that non-government organisations have advised the minister that they will not be participating in the government's climate change forward strategy due to the government's lack of commitment in reducing greenhouse emissions?

Mr Bamsey—They have withdrawn from the consultation process. In withdrawing, they indicated that they were not prepared to participate unless the government made certain undertakings.

Senator WONG—When did this occur?

Mr Bamsey—Some time ago—I think perhaps in March. The minister said at the time that he was disappointed that they had withdrawn from consultation but the door was open if they wished to continue.

Senator WONG—What were the undertakings sought?

Mr Bamsey—I do not have a copy of their letter with me.

Senator WONG—Could you provide it?

Mr Bamsey—Yes.

Mr Beale—I think I can recall that the first of them was a 60 per cent reduction in greenhouse gas emissions to be spelt out or committed to over a period of time.

Senator WONG—Could I ask that that letter be provided.

Mr Bamsey—Certainly.

Senator WONG—Has the minister responded to the concerns that were raised?

Mr Bamsey—I am not sure if the minister has responded directly—I will advise you of this shortly—to those who wrote to him, but he did issue a press release in the terms broadly that I mentioned before, that he was sorry that they had withdrawn and the door was open if they wished to return.

Senator WONG—Has there been any formal response from the government to the letter that you have outlined that sought certain undertakings and so forth?

Mr Bamsey—No, there has been no formal response. I undertook earlier to provide the letter, but perhaps we ought to check with the originators that they would be happy for that to occur. It would be only polite, I think.

Senator WONG—Is the minister proposing to respond to that letter and the concerns set out in it in any way?

Mr Bamsey—I cannot say. I think the minister made a public statement about it. There will be an opportunity for him to see the participants—or those who were participating in the consultation process—again and no doubt the issue will come up.

Senator WONG—When is the government proposing to release a strategy?

Mr Bamsey—There is no specific timetable. Our working assumption is that towards the end of the year we will have a full picture of the strategy. Ministers will make up their own minds about what they want to do and when.

Senator WONG—Do you have an outline as to how you intend to consult with stakeholders in relation to that?

Mr Bamsey—We have been consulting a great deal.

Senator WONG—After you have released the draft strategy.

Mr Bamsey—I see what you mean. After we have released the strategy—no, we do not have any particulars on that because we do not at this stage have a design for the strategy.

Senator WONG—Moving now to the Photovoltaic Rebate Program, I think there was a decision to reduce the rebate level to individual households but to continue the funding of the rebate.

Mr Bamsey—That is correct.

Senator WONG—Why was that decision made?

Mr Bamsey—To reduce the cap.

Senator WONG—On what basis was that decision made?

Mr Bamsey—I will ask Mr Morvell to explain that.

Mr Morvell—I am sorry, Senator, I was moving when you asked the question.

Senator WONG—I am asking about the basis of the decision to reduce the rebate level to individual households.

Mr Morvell—The decision to reduce the rate of the rebate was taken by the government following an overwhelming take-up of the program which had exhausted the funding. It was taken after looking at the need to extend the life of the program into the future, because it was primarily directed at developing the industry, and it was done after consultation with the industry.

Senator WONG—Have you done any modelling on the anticipated effect of the restructured rebate?

Mr Morvell—We have done some modelling, to the extent that we know that by reducing it by 20 per cent we would expect a 20 per cent increase in the number of PV systems installed.

Senator WONG—Earlier today, we identified some significant underspending in the AGO's budget over a four-year period. Are you able to cast any light on why a decision was made not to use some of those funds for this area, given that it has obviously been a fairly popular one?

Mr Morvell—In relation to whether or not we could reallocate funding from other programs, the underspend which has occurred is not an undercommitment. In most of our other programs, we have in fact committed the funds. It is not a case of then reallocating them to a program that is fully committed and fully spent. That would only put us in a situation where, in future years, we would be into payback periods. The issue was certainly looked at to see whether there were real savings in some of those programs, but the government has made it very clear that the program would continue under its own merit.

Senator WONG—How long is the program currently funded for?

Mr Morvell—It was originally funded until the end of this financial year.

Senator WONG—I am aware of that.

Mr Morvell—Now it is a further two years.

Senator WONG—How are you dealing with those people who applied for a subsidy but did not receive one prior to this decision?

Mr Morvell—All of the applicants up to the budget day have been advised that they would be reimbursed at the rate that applied up until the government's decision on budget day—in other words, they were reimbursed at the old rate.

Senator WONG—Has the pushing out of it for two more years resulted in a number of rebate applicants being left without a subsidy?

Mr Morvell—No. As of right now, that is not the case. I cannot predict what the future might be.

Proceedings suspended from 3.26 p.m. to 3.48 p.m.

Senator WONG—I want to now turn to the CNG and LPG conversion program, which I think the AGO also administers. Is that right?

Dr Wright—That is the Alternative Fuels Conversion Program.

Senator WONG—I was going to ask some questions about the actual spending, estimated spending and rephasing, but I think the document you showed me, Mr Bamsey, deals with that and I wonder if this might be an appropriate time to table that.

Mr Bamsey—I would be happy to table it. It is a revised version of the document I showed you earlier. It indicates that, in 2003-04, \$3.6 million will be reallocated from the Alternative Fuels Conversion Program to the Photovoltaic Rebate Program.

Senator WONG—I am sorry, how much was it?

Mr Bamsey—It is \$3.6 million.

Senator WONG—So the \$3.6 million has come out of this program to go to the PVRP; is that right?

Mr Bamsey—Yes, that is correct, for next year.

Senator WONG—In out years?

Mr Bamsey—For 2003-04.

Senator WONG—Can we receive that, Chair?

CHAIR—Yes. Are any objections? There being no objection, it is so ordered.

Mr Bamsey—Would now be a convenient time also to table two documents in response to questions asked this morning essentially giving details of programs during the forward estimates.

CHAIR—If there is no objection from the committee, it is so ordered.

Senator WONG—The Prime Minister's statement of 31 May 1999 announcing this program said:

The programme will encourage the conversion of 800 buses and up to 4000 commercial vehicles a year over the first four years.

We are now three years into the program. Can you tell me how many buses to date have been converted and how many commercial vehicles to date have been converted?

Dr Wright—There have been 568 buses funded under the AFC Program.

Senator WONG—What about commercial vehicles?

Dr Wright—Ten have been completed, but there are over 400 which are being assessed or where funding is in progress.

Senator WONG—What does ‘funding is in progress’ mean?

Dr Wright—There is a delay between application and assessment. With conversions, a conversion actually has to be completed; so it does not happen overnight.

Senator WONG—So we only have 10 commercial vehicles.

Dr Wright—That have been completed. There are 422 in total, if you include those in the pipeline.

Senator WONG—So the additional 22 are ones where the conversion has been commenced but not completed; is that right?

Dr Wright—That is correct. There are 395 being assessed, 17 have funding in progress and 10 have been completed.

Senator WONG—On what basis was the Prime Minister’s estimate of 4,000 per year made?

Dr Wright—That was made on the basis of consultation with industry at the time. As you have suggested, the program has been subject to very slow ramp-up. We have reviewed the targeting of the program and the estimates of likely uptake. Basically, our assessment is that, whilst the program was based on the best intelligence at the time, that was somewhat misplaced and the industry was not sufficiently well developed. Currently, we are running trials with major fleet providers to see if that is a better focus for the program in the longer term and will deliver greater benefits. That trial will not be completed for a further six months. We are making great efforts to refocus the program because consultation with industry has shown that the industry is not really ready for a full roll-out program, particularly for normal vehicles, and a better focus may be in the commercial vehicle sector.

Senator WONG—What is your current projected take-up per year for both commercial vehicles and buses under the program?

Dr Wright—That is not a question we can easily answer. As we have said, we have reviewed the program and we are undertaking this trial with major fleet operators. The projections on uptake would really depend on how successful the trial is.

Senator WONG—Do you have any projected uptake?

Dr Wright—We have done a series of projections based on a range of scenarios on the degree of success of that trial. We have done some assessments, but it is really premature to pick which one of those is going to be more accurate.

Senator WONG—I appreciate that. Are you able to give me the range?

Dr Wright—I do not think that we have those in the room; I will just need to check. I am advised that it probably would not be sensible to give you a range. We have done some

estimates on scenarios, but it will depend very much on the greenhouse outcomes from these particular trials on what is and what is not possible.

Senator WONG—We have a situation where the Prime Minister's statement says—presumably based on advice—that we are looking at 4,000 commercial vehicles a year over the first four years. We are three years into the program and we are looking at 422. What is the range of more reasonable assessments as to the uptake of the program?

Dr Wright—At present, unless the fleet trial proves successful, our expectation is that there would not be any significant increase in uptake. The industry is at an early stage of development and our focus would be more at that end than in there being a significant ramp-up rate in conversions.

Senator WONG—If the fleet trials are successful, do you have a range of scenarios that you anticipate might flow from that?

Dr Wright—We would expect that over the revised rephasing period we would be able to spend a considerable proportion of the originally allocated funding.

Senator WONG—What does that mean? Does that mean that you think you might get 800, 2,000 or 3,000?

Dr Wright—As I have indicated, you are asking a very hypothetical question based on the outcome of trials that are currently in progress and depending on the greenhouse outcomes of that. It is not possible to say. I am sure we would be able to answer with greater clarity in six months time.

Senator WONG—What I am actually asking for is the range of projected uptake that you are looking at. I am just trying to get some clarity as to whether or not the purpose for which the funds are allocated, or the outcomes under which the funds were allocated, are likely to be achieved or not.

Dr Wright—We would expect that in the order of 4,000 vehicles could be funded over the life of the program.

Senator WONG—Is that commercial vehicles or would it be buses?

Dr Wright—That would be trucks and buses.

Senator WONG—So a total of 4,000 for this program which was looking at about 4,800 over four years?

Dr Wright—The program has been reviewed. I personally have looked quite closely into the origin of that original estimate of 4,000 per annum and cannot find clear data on which it was based. The original premise of the program was, as I have said, an industry view at the time and not based on scientific data.

Senator WONG—So you cannot find the scientific basis of the Prime Minister's original analysis?

Dr Wright—It was based on consultation with industry at the time and an industry view of what was possible, and that was the best information available at the time. What we have sought to do is to review the program and focus it on the areas where we can gain most greenhouse benefit, and we are in the process of doing so.

Senator WONG—I appreciate that. Just to clarify your answer before, you cannot find any scientific basis for the figures upon which the original announcement was based?

Dr Wright—As I said, the original basis for the program was developed in consultation with industry and was based on an industry assessment of what the uptake could be.

Senator WONG—Was there any advice that you have been able to discern, other than that provided by industry, for the figure of 8,000?

Dr Wright—The original figure, I believe, was 4,000.

Senator WONG—I am sorry, it was 4,000 plus 800.

Dr Wright—I have not looked for that advice. I do not know; I cannot answer that question. I was not an officer of the Australian Greenhouse Office at the time the program was developed.

Senator WONG—I appreciate that. You are the officer who is now looking at the program and trying to work out how you increase the uptake of these funds—is that correct?

Dr Wright—That is correct.

Senator WONG—Nothing has been provided to you that would demonstrate that there was any scientific basis on which the figure of 4,800 was arrived at; rather it appears to have been based on consultation with industry alone.

Dr Wright—Whether that was based on industry data at the time, I would need to go and seek that advice. That could be quite resource intensive, but I have not looked that far. Clearly, the issue is the uptake of the program and how best to target it at present.

Senator WONG—I appreciate that. What I am saying is that in looking at the 4,800 figure you have not been provided with, in your role, any scientific basis for that figure?

Dr Wright—I have done some preliminary review to look at the basis of that figure and I have been advised that it was developed through consultation with industry. If there is more that lies under that figure, I have not gone further in that exploration because clearly we are dealing with current uptake of the program and its current targeting.

Senator WONG—Thank you, Dr Wright. Mr Beale, I now want to move to the issue of the greenhouse trigger in the EPBC Act, which was an election commitment. Should my questions be directed to the AGO or the department?

Mr Beale—I think that is probably departmental, because it is a matter concerning the legislation.

Senator WONG—I will come back to it then. I also have some questions on the Energy Grants (Credits) Scheme. Where should I direct them?

Mr Beale—Much of the Energy Grants (Credits) Scheme is a matter for the Treasurer, but we could perhaps provide some assistance.

Senator WONG—I am trying to clarify whether it is an AGO or an EA issue.

Mr Beale—It is a bit of both.

Senator WONG—There is a reference in Budget Paper No. 1 to the Energy Grants (Credits) Scheme. At the bottom of page 1-22 the budget paper says:

In accord with the Government's commitment under the Measures for a Better Environment package, the environmental component of the EGCS will comprise—

and then there are three initiatives listed. Where will this funding be sourced from?

Mr Beale—If you go on to read in that dot point you will see that it says:

... funded by an increase in excise/customs duty on all diesel sufficient to fund the proposal ...

And in the next dot point it says:

... funded by an increase in excise/customs duty on all petrol sufficient to fund the proposal ...

So it is a budget neutral measure. I think, in terms of excise matters, those questions as to what this actually costs could be directed to the Treasury. So it is funding drawn in a budget neutral way through a revision of the excise payments.

Senator WONG—Does the government consider these initiatives listed in the budget paper to which we have referred to meet its obligations under the MBE package?

Mr Beale—It is not part of the financial MBE package, but it is part of the undertakings made at the time of the negotiations with the Democrats on the Measures for a Better Environment to provide incentives for the early adoption of cleaner fuels. I believe there is no funding covered in this budget period. So the estimates are not in here because it is in a time frame beyond the four-year forward estimates period.

Senator WONG—So this particular package was the result of an agreement with the Democrats or discussions with the Democrats?

Mr Beale—Yes, it certainly was a matter of discussion with the Democrats.

Senator WONG—Are there any other undertakings, other than these, on cleaner fuel measures by the government?

Mr Beale—There are the new fuel quality standards for biodiesel and CNG and the inclusion of LNG and biodiesel as alternative fuels in the on-road component of the EGCS. Those both bring significant benefits to the alternative fuels sector.

Senator WONG—And those plus these measures here, which are budget neutral by virtue of the customs duty, are the totality of the government's cleaner fuel measures as currently outlined in the forward estimates?

Mr Burnett—The measures that have been mentioned, I believe, are in totality the delivery of the government's commitment in the original MBE statement to introduce incentives for cleaner fuels. There is a separate sustainable cities initiative which has some components that relate to fuels. So I think the answer to your question is yes.

Senator WONG—Has that been agreed with the Democrats, to your knowledge?

Mr Burnett—Yes.

Mr Beale—Yes.

Senator WONG—Which department will have the responsibility for the development of an energy credits scheme? That was also announced, I think.

Mr Burnett—That is a matter for Treasury. It will be administered by the Australian Taxation Office.

Senator WONG—So are ATO going to develop the scheme?

Mr Burnett—No, it is a Treasury policy responsibility. Once the legislation has been passed, the scheme will be administered by the Australian Taxation Office.

Senator WONG—Is it Treasury that is going to develop the scheme?

Mr Burnett—The environmental component is what the government has already announced. The scheme has been developed; the environmental component is on the table.

Mr Beale—It will be the administrative components that will then be developed by Treasury and implemented by the ATO.

Senator WONG—Will EA or the AGO have any involvement in that?

Mr Beale—Clearly those elements that deal with the development of fuel quality standards for biodiesel and CNG will be fundamentally matters for the department under the Fuel Quality Standards Act.

Senator WONG—Would you repeat that.

Mr Beale—There is a grant funded by a change in excise with respect to the import or production of low sulfur diesel and similarly with respect to low-sulfur premium unleaded petrol. There are two other elements—and it has been agreed as to what that will be—that will be administered by the Taxation Office, because from there it is essentially an administrative process. We also have undertaken to develop new fuel quality standards for biodiesel and for compressed natural gas. That will be a matter for my department under the Fuel Quality Standards Act.

Senator WONG—These measures and the fuel quality standards to which you refer are the totality of the government's Energy Grants (Credits) Scheme. There is no other policy or program on the table?

Mr Beale—That is correct.

Mr Burnett—They are the environmental component and they meet the commitment that was included in the original MBE package.

Mr Beale—If you read on, the penultimate paragraph on 1-22 talks about the earlier part of the package that has been agreed.

Senator WONG—Yes. That is all I have on that scheme. I might have neglected to have done this in relation to MBE funding.

Mr Beale—Can I now dismiss the staff concerned with fuel or MBE funding?

Senator WONG—Can I just ask these questions?

Mr Beale—Yes.

Senator WONG—Mr Bamsey, I think that you and Mr McGovern agreed that out of the \$711 million projected funding in relation to greenhouse under the MBE funding profile \$269 million was actually expended in the four-year period.

Mr Bamsey—Until the end of this financial year, I believe.

Senator WONG—In terms of total MBE funding, which would include a component with Environment Australia, my rough calculations are that it is around \$297 million for the same four-year period as was originally announced; does that sound right?

Mr Beale—I think perhaps the departmental figure is that we will spend \$36.9 million, which is 37 per cent of the MBE funds, by the end of 2003-04 and the vast bulk of the remainder by 2006-07.

Senator WONG—Yes, it has been rephased. I understand that.

Mr Beale—It is a small rephrasing and the bulk of the expenditure will take place—

Senator WONG—I am just referring back to the original commitment which was \$896 million over four years from the financial year ending 2001 to 2004. If we look at that, we are looking at having spent around \$300 million on the MBE funding areas under both EA and AGO; is that right?

Mr McGovern—That appears to be reasonable.

Mr Beale—Or, in relation to the EA ones, 37 per cent of the total allocation.

Senator WONG—So 37 per cent of the original commitment?

Mr Beale—Of our component of it. But again, with an agreed re-phasing with the Democrats to focus on a variety of projects that were considered to be of higher benefit.

Senator WONG—Just on MBE, under that announcement there were three separate measures identified: fuel quality standards, the Energy Grants (Credits) Scheme and the sulphur differential. Is it called the sulphur differential?

Mr Beale—The sulphur differential is now part of the Energy Grants (Credits) Scheme.

Senator WONG—So is it the case that the Energy Grants (Credits) Scheme consists of all of those packages rolled together?

Mr Burnett—The environmental component consists of the Energy Grants (Credits) Scheme, which is a bill; the ultra-low sulphur diesel, which is a change in excise arrangements; and the fuel standards, which Mr Beale mentioned. I think they are the components you are referring to.

Senator WONG—But are they all funded under the EGCS or are they separately funded as well?

Mr Burnett—The funding of the Energy Grants (Credits) Scheme is really a matter for the Treasury, but I think it is basically revenue neutral. As Mr Beale was saying, it raises money from some and pays it back.

Senator WONG—Because of the excise.

Mr Burnett—The development of the fuel standards under our legislation is funded from within our own EA appropriations. Does that answer your question?

Senator WONG—Yes, it does actually.

Mr Bamsey—Just to give Senator Wong a little more of the picture: looking at the AGO component of the MBE funds, if we take into our commitments then something just less than \$530 million of the \$796 million has been spent or committed to date.

Senator WONG—What do you mean by commitments, Mr Bamsey?

Mr Bamsey—Signed legal contracts, Mr McGovern advises me.

Senator WONG—With other parties.

Mr Bamsey—Yes.

Senator WONG—So what was that figure.

Mr McGovern—Just under \$530 million.

Senator WONG—Presumably those extend beyond the four-year period of the original announcement. Is that correct?

Mr McGovern—That is correct, yes.

Senator WONG—I have finished with the AGO. Thank you, Mr Beale and Mr Bamsey.

[4.20 p.m.]

Parks Australia

CHAIR—Welcome, Mr Hicks. Senator Wong has some questions.

Senator WONG—I understand that Parks Australia is going to lose some staff, is that right?

Mr Hicks—Yes.

Senator WONG—How many?

Mr Hicks—About 16.

Senator WONG—What percentage of your staff is that?

Mr Hicks—That is 16 staff out of 294, so whatever that works out as.

Senator WONG—Which program areas are they going to come from?

Mr Hicks—There are 11 coming from the southern parks areas and five from the northern ones.

Senator WONG—How was the allocation of which areas people are being sacked from arrived at?

Mr Hicks—We looked at managing within our budget. The appropriations for Parks Australia this year are the same as they were last year, but we do have some cost pressures that we have to meet. Looking across Parks and at our split-up of discretionary expenditure between suppliers and employees we worked out that for the southern parks—the Botanic Gardens, Booderee National Park and some of our service support functions here in Canberra—we needed to lose 11 staff to sit within our budget. For the northern parks the figure was lower—it was five—because we had greater discretion with the supplier side of the budget equation. In the northern areas, those figures will be met through our intermittent, irregular and contract employees. So we are not looking at staff losing their jobs there; it is really how we go about employing new people. With the southern ones we are looking, in line with the rest of the portfolio, at maximising reabsorption of displaced people within other parts of the portfolio.

Senator WONG—Is there a range of levels from which these staff reductions will occur?

Mr Hicks—Yes, there is a range.

Senator WONG—What is the range?

Mr Hicks—It varies across the organisations. For example, at the Botanic Gardens we have some at the supervisory level, some at the technical level and some at the lower or service function level.

Senator WONG—Is the basis of the decision to reduce your staff simply the budgetary decision not to increase your operational funding?

Mr Hicks—We are fitting within the allocated budget, but if you look at, say, a place like the Botanic Gardens you will see that we have a figure there of some \$10 million for expenditure this year. We have some major initiatives under way. We have a nursery redevelopment and we are doing some major innovative work on the way the information stored in the herbarium gets out to the public. We are making some advances in some areas, but in terms of the staff and the suppliers expenditure we had to reduce that. We are making sure that, in making those reductions, the public face of the gardens is not affected. The living collections and displays will continue to be maintained to their present high standards.

Senator WONG—I understand that and I am not suggesting that you are not trying to minimise the impact of all that. I am asking about the basis of your decision to reduce staff. Do I understand it that your operational budget has not increased and because you have other cost pressures you have to reduce staff?

Mr Beale—Essentially, Mr Hicks has a splendid new potting shed that he has wanted for a long time and the Australian Virtual Herbarium, which is a huge gain nationally for the spread of information about our biodiversity. Mr Hicks sees these as high-priority matters within his budget and therefore has to trim in other somewhat lower priority areas. I think it is nothing more or less than that.

Senator WONG—I appreciate that you want to justify the decision, Mr Beale. I am just asking what the basis of the decision was.

Mr Beale—I think that was the basis of the decision.

Senator WONG—What? That you got a herbarium, so you sacked 16 staff; is that the basis of the decision?

Mr Hicks—No, there are not 16 staff coming from the gardens.

Senator WONG—I am sorry; I thought there were.

Mr Hicks—No. Five people will be displaced from the gardens, but we will be spending more money in the gardens this current year and the coming year than we have in the past because of the initiatives of the nursery redevelopment and the Australian Virtual Herbarium.

Senator WONG—I am simply asking why the decision was made to remove 16 staff?

Mr Hicks—That is 16 staff across Parks. We are looking at constant appropriations to the director. We are looking at some increased costs associated with insurance premiums of some \$400,000, and we are looking at reducing the deficit in expenditure this financial year by a further 120-odd thousand dollars. Between the insurance premiums and the deficit reduction,

we have about a one per cent decrease in expenditure—and that has been shared across Parks Australia activities. For the gardens we are looking at spending one per cent less on salaries and consumables this year.

Senator WONG—I presume there has been some consultation with staff about the identification of the 16 positions?

Mr Hicks—Yes, we have consulted with staff.

Senator WONG—When are the cuts to be implemented?

Mr Hicks—As with other portfolio adjustments to the budget, we are looking at having them in place by 1 July, to the extent that that is possible.

Senator WONG—This year?

Mr Hicks—Yes.

Senator WONG—You have explained the impact—which I think you said was negligible—on the gardens, but what about other program areas from which staff are being taken. What is the impact going to be on those programs?

Mr Hicks—In the northern parks there will be some less backfilling of positions than there has been, and I think they will be able to manage adequately under those circumstances. At Norfolk Island, where we are also losing one member of staff, we have reallocated duties amongst the remaining staff and changed the way we are doing some things. But, at the same time, on Norfolk Island a new road will be completed this financial year and that is a \$3 million asset that was not there before. There will be a little less support back here in Canberra for some of the things that the director does, and we will redistribute workloads in relation to that.

Senator BARTLETT—I have not heard most of the questioning, so if I double up feel free to tell me that it has already been covered. Is the crazy ant baiting control program on Christmas Island covered by you?

Mr Hicks—Yes, it is.

Senator BARTLETT—Have there been any questions about that?

Mr Hicks—No, but it is a terrific story.

Senator BARTLETT—Good; you can tell it to us then. We would like some information on the effectiveness of that control program and on any impacts, or lack thereof, on non-target species.

Mr Hicks—The crazy ant control program is actually up for the Banksia Awards, which are coming up later on this month, and I would be very hopeful that it will get recognised, because I think that it is a fabulous achievement. The crazy ant is a tramp ant species that arrived on Christmas Island some 30 to 40 years ago and for some reason or other exploded into supercolonies back in 1998. There has been a major chemical control program that was undertaken after carefully looking at the possibility of non-target impacts. The baits were spread by helicopter. The main non-target organisms were robber crabs. There were lures away from the crazy ant chemical baits so the robber crabs were not impacted and the work has been successful. So instead of having these supercolonies invading some 20 per cent of

Christmas Island, we have those supercolonies under control and that unique rainforest ecosystem of Christmas Island we hope has been protected.

It is an interesting case of invasion on an isolated island. I was on Christmas Island in the early 1980s and we had a fellow called Hal Heatewal who was a bit of a character—his hobby was ballroom rollerskate dancing—and he came over and looked at the tramp ant introductions. The crazy ant was there then but it was just trickling around, as some of these invaders do. For whatever reason, it trickled around for some 30 or 40 years and then exploded in the late 1990s.

Senator BARTLETT—Are there any issues in terms of impact on non-target species—no problems there?

Mr Hicks—The main ones that we were concerned with were the robber crabs and some of nesting seabirds, but lures were put out for the robber crabs and as far as we can make out there has not been any significant non-target impact.

Senator BARTLETT—In terms of some of the other activities going on on Christmas Island—the detention centre and port facility, roadworks and the like—do you have ongoing active involvement in ensuring heritage values associated with Christmas Island are protected from the impacts of these developments?

Mr Hicks—Although Parks has an involvement in that, that is really a question for Gerard Early, I think.

Senator BARTLETT—Right.

Mr Early—Sorry, Senator, could you repeat specifically—

Senator BARTLETT—I just asked about the steps that have been taken to protect the heritage values of Christmas Island from the impacts of the various other developments that are happening there—the detention centre, the port facility and the like.

Mr Early—The detention centre, as you know, is subject to an exemption under the Environment Protection and Biodiversity Conservation Act. However, we are heavily involved through IDC in providing advice to the department of finance about the development of the centre and, in fact, Parks Australia are also involved in a monitoring capacity. The government has committed itself to best practice environmental management in the development of the centre. In relation to the other proposals, all of them have gone through the Environment Protection and Biodiversity Conservation Act or are going through it. That is the principal means by which we are protecting the environment and the heritage of the area.

Senator BARTLETT—There are probably some ongoing questions about that, but I think I will leave them for later. Going back to the Parks Australia budget, I am just trying to clarify some of the funding figures. The raw figures, as I read them, suggest a drop in the order of \$60 million over four years, but there is a note in this document that states that decline in Parks Australia's expenditure is primarily due to the removal of the CUC and revised accounting for services removed from Environment Australia. Could you explain what proportion in the drop over the next four years—

Mr Beale—Of the drop for this year, for example, of \$11.649 million, \$11.225 million is accounted for by the capital user charge. In addition to that, the yearly devolved IT funding at

some \$694,000 is a decision yet to be made. That is effectively a redistribution of departmental overheads. On the other hand, there is a supplementation for increasing superannuation costs of \$270,000. The huge proportion of the change is the capital user charge. A modest amount of it is a reallocation of corporate overheads. It will not actually affect the ability of Parks to carry out their mission. It is just that that is appearing elsewhere in the cost centre accounting at the moment.

Senator BARTLETT—If you have an overall drop of \$60 million over four years—

Mr Beale—I gave you one year's figures.

Senator BARTLETT—Let us say \$15 million a year. You gave me \$11.6 million and then another \$700,000 et cetera. I am just trying to ascertain if there is any real drop in basic appropriation.

Mr Hicks—You are talking about the blue book—the EBS. The previous figure in the 2002-03 blue book was \$54.3 million for this financial year. The new blue book has \$34.9 million. The change is due to a reduction in corporate overheads of \$12.45 million, which has been taken off; some additional moneys which come through revaluation of the asset base—they total nearly \$4 million, so that is a plus—the ComSuper supplementation of \$0.27 million; a transfer of a function from the department of plus \$0.43 million; and the removal of the capital user charge of \$11.23 million. That gives you a revised total of \$3.49 million. Similar figures apply to the out years.

Senator BARTLETT—That is probably suffice for me. Thank you.

Senator CROSSIN—I take you to an answer to a question that flowed from last November's estimates. It was question No. 60 and it relates to moneys that have been allocated to Kakadu and Uluru national parks. I do not know if you have a copy of that question with you.

Mr Hicks—I think I do.

Senator CROSSIN—It will make your answers easier. What is the total amount of money that has been allocated in this budget for Kakadu National Park for capital and operational costs?

Mr Hicks—Compared to those figures, the Kakadu expenditure will be 1.3 per cent down and the Uluru expenditure 0.5 per cent down. That is the operational expenditure.

Senator CROSSIN—In 2002-03, if we look at that table in No. 1, we have 14.590. What will it be for this coming year?

Mr Hicks—It will be 14.590 times 0.99, which is 14.44.

Senator CROSSIN—And the capital expenditure?

Mr Hicks—The capital expenditure this year will be \$3.4 million for Kakadu and \$3.4 million for Uluru.

Senator CROSSIN—That is an increase of \$300,000. Is that right?

Mr Hicks—I will just have to check and see what the capital was last year.

Senator CROSSIN—The capital was \$3.112 million. I am looking at the table in question No. 6.

Mr Hicks—Yes, it was.

Senator CROSSIN—I want the figures for the bottom line for this year, for 2003-04.

Mr Hicks—In 2003-04 you have \$3.4 million capital expenditure, and operational expenditure of the amount that I just mentioned.

Senator CROSSIN—That is for Kakadu. What is the capital expenditure for Uluru?

Mr Hicks—For Uluru the capital expenditure is \$3.4 million.

Senator CROSSIN—So we have an increase there of about \$600,000.

Mr Hicks—Yes.

Senator CROSSIN—And what is the operational expenditure?

Mr Hicks—Uluru will be down 0.5 of a per cent, so it is close to those figures that you have.

Senator CROSSIN—Do you have a figure there?

Mr Hicks—It is 99.5 per cent of the figure that we have there. I will just work it out.

Senator CROSSIN—When we talk about capital expenditure for each of those national parks, what sorts of things does that provide for?

Mr Hicks—Capital expenditure provides for replacement of infrastructure that is ageing. For instance, in the botanic gardens we replaced an ageing nursery with a new nursery. In places like Kakadu and Uluru, the roads from time to time need major capital work or you have power stations that need to be replaced. That is the way the capital funds are used.

Senator CROSSIN—And the operational expenditure?

Mr Hicks—Operational expenditure is used for staff salaries and consumable items or purchasing supplies for things like contracting out the entry fee station function or cleaning services.

Senator CROSSIN—I understand there is a proposal to increase the park fees—let us go to Uluru for starters—from April of next year. Is that correct?

Mr Hicks—Yes.

Senator CROSSIN—When was the last time that Uluru park fees were increased?

Mr Hicks—Seven years ago.

Senator CROSSIN—What sort of consultation was undertaken in moving to an increase in these fees from next April?

Mr Hicks—There was consultation with the tourism industry from the early part of 2002. The tourism industry is onside, provided that the funds are invested back into the park and the tourism infrastructure of the park.

Senator CROSSIN—Was there a view that the fees should not have been put up by so much at any one time?

Mr Hicks—The tourism industry agrees and they are happy enough with the fee increase. If you look at past fee increases at Uluru, they have not altered the tourism pattern there at all. The tourism industry's main concern is to make sure that the tourism infrastructure and the values of the park that attract tourism to it continue to be protected and enhanced.

Senator CROSSIN—You say that you consulted with the tourism industry. Can Parks provide me with a list of who that might have been?

Mr Hicks—For a start, the tourism industry is represented on the Uluru board. The Uluru board in the first instance looked at the possibility of fee reviews. We have a tourism consultative committee. That met yesterday to discuss, among other things, the fee increase.

Senator CROSSIN—Who is on that consultative committee?

Mr Hicks—I do not have their names here, but I am happy to provide them.

Senator CROSSIN—You would be aware of an article in the *Centralian Advocate* just this week in which the Central Australian Tourism Industry Association said that the fees should not have been put up by so much at once.

Mr Hicks—I was not aware of the article.

Senator CROSSIN—It is quite a contrary view to what you have just provided. Your views about what industry thinks and what industry is saying and what has been reported in the papers are two different things.

Mr Hicks—The tourism industries that we have talked to agree with the fee rise, provided that the money goes back into park infrastructure and protecting park values.

Senator CROSSIN—That is another interesting comment. I understand that the Central Australian Tourism Industry Association has also made a comment that the tourism operators wanted the extra money passed onto the traditional owners rather than it being kept by the federal government. Is that a view you are aware of?

Mr Hicks—It is not a view that I am aware of, but 25 per cent of any revenue collected for the park does go to the traditional owners, so they will get 25 per cent of that fee increase.

Senator CROSSIN—Are the figures you have given me, in terms of updating the columns that we have talked about, based on that anticipated fee increase coming online next April?

Mr Hicks—Yes.

Senator CROSSIN—Where in the capital or operational columns is the fee component?

Mr Hicks—The fees are under the heading 'Sale of goods and services'. If you look at the budget statements of financial performance under 'Sales of goods and services', you will see that it tracks from \$10.2 million this current year to \$11.42 million in 2003-04.

Senator CROSSIN—What component of the capital and operational expenditure is made up of the fees you collected, or is it a straight in-out entry in your books?

Mr Hicks—If you look at the figures in the budget, sales of goods and services comprise \$11,420,000, and the total expenditure is \$52,845,000. So that is about 25 per cent of the total Parks budget.

Senator CROSSIN—Are fees for Kakadu expected to increase?

Mr Hicks—Fees for Kakadu are under review at the moment.

Senator CROSSIN—Are they expected to also increase in the next 12 to 18 months?

Mr Hicks—At the moment the fees are under review.

Senator CROSSIN—What does that mean? Who is reviewing them?

Mr Hicks—The minister is the person who approves fee increases.

Senator CROSSIN—Off the top of your head, do you know what the current fee is for Kakadu?

Mr Hicks—Yes, it is \$16.25.

Senator CROSSIN—It is the same, is it?

Mr Hicks—Yes—at the moment. And the Territorian pass is \$32, I think, for an individual and \$65 for a vehicle. We have kept the Territorian pass at the same level so Territory residents will not be affected by the fee increases at Uluru. It will be the short termers who are affected.

Senator CROSSIN—Are there consultations with the tourism industry and the top end tourism operators about proposed or possible increases at Kakadu?

Mr Hicks—There is a tourism consultative committee in Kakadu and a tourism rep on the board of Kakadu.

Senator CROSSIN—Would you be able to provide me with a list of those people?

Mr Hicks—Yes.

Senator CROSSIN—Is that consultative committee part of the review of the fee structure? Are they being consulted about this?

Mr Hicks—We have made an undertaking to consult with the tourism industry and to make sure that notification of any introduction of fees allows a sufficiently long interval for them to take that into account in any of their cost structures for services. The tourism industry wants advance notice of these things, so we made that undertaking.

Senator CROSSIN—Are traditional owners consulted about the fee increase?

Mr Hicks—Traditional owners are in the majority on both boards of management—Kakadu as well as Uluru—and so they are part of the advice that goes to the minister on these matters.

Senator CROSSIN—Was the proposed fee increase put to and endorsed by the Uluru board of management or were they simply informed of the decision?

Mr Hicks—No, the Uluru board would have discussed the proposed fee increase.

Senator CROSSIN—Do they necessarily endorse it or recommend an increase to the minister?

Mr Hicks—I am not aware of those details, but I think that the board would have endorsed it, yes. I can check on that.

Senator CROSSIN—Can you find that out and get back to me about that?

Mr Hicks—Yes, I can check up on that.

Senator CROSSIN—I am just wondering, now that we have a new budget, if you could take the columns of figures that were provided in your answer to question on notice No. 60 from last year's budget estimates—

Mr Hicks—And update them? Yes.

Senator CROSSIN—Particularly part 5, as I do not think we have time to go through the breakdown of the operational expenditure for Kakadu and Uluru—

Mr Hicks—We can do that.

Senator CROSSIN—Because that is broken down into about eight subareas. I would like to see this year's column figures for those areas if that is possible.

Mr Hicks—We can do that.

Senator CROSSIN—Part 6 of that question on notice needs updating as well. That is all.

CHAIR—I thank the officers from Parks Australia. We will move on to the department section of the portfolio.

[4.54 p.m.]

Department of the Environment and Heritage

Senator WONG—Perhaps now that we are moving onto the department, Mr Beale—

CHAIR—Which division do you want to call first?

Senator Hill—Come on.

Senator WONG—I am sure, Minister, you are not criticising this important estimates process.

Senator Hill—No, I am not. It would be highly offensive for me to do so. This is democracy.

Senator WONG—I had some broad budgetary questions arising out of our discussion earlier today, Mr Beale. A number of the documents you have provided do deal with some of them, but there is this overarching issue of amounts in the forward estimates which have not been the subject of a government decision—that is, a ministerial decision—and therefore you indicated you would regard them as new funding.

Mr Beale—Yes.

Senator WONG—What I would be looking for, and I understand that you would need to take this on notice, is some indication of what proportion of the funds for the forward estimates has been the subject of ministerial decision such that you would regard it as committed and what proportion is in the other category—that is, Finance has put them in on the basis—

Mr Beale—As I explained to you, I can provide the forward estimates that the government has published in the budget. That is clear—they are forward estimates. This does not guarantee those funds, because there can always be savings.

Senator WONG—I understand that.

Mr Beale—But I do not know of any funds that might have been included in the contingency estimates that the Department of Finance and Administration put in place to cover lapsing programs where they anticipate we might secure agreement from ERC—

Senator WONG—I am not asking for that; I am asking what you know.

Mr Beale—I can tell you what I know, and it is the published forward estimates.

Senator WONG—No, it is not just the forward estimates. We agreed in the whole discussion about the asserted new funding that, despite the fact it is in the forward estimates, it is not guaranteed funding until the minister makes a decision. So, in looking at the forward estimates to properly understand what is in the category of funding still requiring ministerial decision and the category of funding already the subject of government decision, surely you would know the latter.

Mr Beale—I can certainly indicate to you those forward estimates that have been published as part of the budget process. The point I was making to you this morning was that there were no published forward estimates for the particular program we looked at.

Senator WONG—The National Oceans Office.

Mr Beale—I was not therefore aware, until late in the budget process, that in fact the department of finance had made a provision for that already within the budget on the expectation.

Senator WONG—But we have identified—

Mr Beale—Perhaps the simplest thing would be if I took this on notice and wrote out an answer.

Senator WONG—I am happy for you to take it on notice, but I want to be very clear about what I am asking for. As I understood our discussion today, it is not just the National Oceans Office. For example, there was also a reference to the Antarctic shipping program being included in the forward estimates, and there have been other discussions about supposed new funding. Of the forward estimates, there are presumably funds which have already been the subject of ministerial decision. So on the evidence you gave this morning you would regard that as committed funding.

Mr Beale—I would regard it as committed and then, if that was reduced to savings—

Senator WONG—So that is one category. The second category is the one that we discussed, which is funds that are in the forward estimates but are yet to go through a government decision process. Is that correct?

Mr Beale—That is correct.

Senator WONG—I want to know how much each of those buckets of funds—

Mr Beale—And I was explaining to you that I do not necessarily know what is in the second bucket.

Senator WONG—I am not asking that.

Senator Hill—What Senator Wong wants to know is which of the programs, as you understand it, have got a lapsing program that has been funded for a fixed number of years and will require a new policy proposal at a certain point.

Senator WONG—Yes. So you will provide that, Mr Beale?

Mr Beale—I can provide that information.

Senator WONG—Thank you. Who do I ask about the greenhouse trigger? Is that strategic development?

Mr Beale—It is Approvals and Wildlife Division. They are next up.

Senator WONG—The prime ministerial statement in May 1999 talked about the passage of the EPBC legislation 1998 and committed the government to:

... a process of consultation with the States and other stakeholders on the issue of applying a Commonwealth greenhouse trigger under that legislation in relation to new projects that would be major emitters of greenhouse gases.

I am quoting from the PM's statement on changes to the goods and services tax dated 31 May 1999. I understand, Mr Early, a consultation paper was released later that year. Is that correct?

Mr Early—Yes.

Senator WONG—Is it also correct that a model trigger design was released in May 2000 and a draft regulation released on 16 November 2000?

Mr Early—Yes, that is right.

Senator WONG—The election policy for the coalition in 2001 committed the coalition to completing consultations on the inclusion of the greenhouse trigger in the EPBC Act. That is correct, is it not?

Mr Early—Yes.

Senator WONG—So what has happened since then?

Mr Early—There have been negotiations with each of the states and territories by correspondence and, with the exception of the ACT, all the states and territories have indicated that they oppose a trigger.

Senator Hill—All the Labor premiers revolted.

Mr Early—Currently, further consultation is occurring at government level in the context of broader greenhouse policy.

Senator WONG—Has there actually been any additional consultation since the election in 2001?

Mr Early—Only at the Commonwealth government level.

Senator WONG—You are consulting with yourself?

Mr Early—The minister needs to consult his colleagues.

Senator WONG—So there has been consultation between ministers but nothing between the government and anybody else since the election—is that right?

Senator Hill—Labor premiers wrote to the Prime Minister, as I remember, complaining about it.

Senator WONG—I am asking about post the 2001 elections.

Senator Hill—But, if the Labor Party has changed its position, it would be helpful.

Senator WONG—I am asking about consultations post the election, Minister.

Senator Hill—I will get out of it then.

Mr Early—There has been no further consultation with the states.

Senator Hill—Is this a change of position on the part of the Labor Party—is that what we can read into the question?

Senator WONG—Is that an estimates question, Minister?

Senator Hill—I am trying to make it a useful afternoon.

Senator WONG—Are questions on the issue we were discussing earlier—that is, land-clearing—appropriately addressed to this division?

Mr Beale—No.

Senator WONG—Is that NHD?

Mr Beale—That is the Natural Heritage Division.

Senator WONG—I do not think I have anything else in relation to this. We do have some questions, but given the time frame we will put them on notice. Mr Beale, I assume that NAP and NHT questions are properly addressed directed to the Natural Heritage Division—is that right?

Mr Beale—NAP questions are properly directed to the Department of Agriculture, Fisheries and Forestry.

Senator WONG—For the bits that you have some involvement in, who answers those?

Mr Beale—The Natural Heritage Division.

Senator WONG—In that case, I do not think I have any questions—I will put them on notice for the heritage division, including the Australian Heritage Commission—unless other senators have questions.

Senator BARTLETT—I am interested in some specific activities—namely, some of the applications for clearing of habitat in the West Wimmera region of Victoria. I have had indications that some EA officials have been informing farmers in that region that they do not have to make referrals under part 7 of the act in relation to actions that could affect the endangered red-tailed black cockatoo unless certain criteria are met, such as when the activities will affect dead trees with large hollows—trees which are actively used for nesting—et cetera. Is that correct?

Mr Early—Not as far as I know, but I will have to check. We have certainly had referrals from that area, and we have processed them under the legislation.

Senator BARTLETT—If you receive calls from farmers in that area asking whether or not they should put in an application, are you able to give them guidance?

Mr Early—As a matter of policy, in practice we do not advise people that either they do or do not have to make a referral, because that is a matter for their consideration. It would be unusual for us to make that judgment, particularly over the telephone. We would tend to tell people about the guidelines and ask them to consult other people perhaps if they are unsure. On rare occasions, we might visit areas with consultants to give advice, but it would be unusual for us to be telling people over the telephone that they do not need to refer activities when, obviously, we would not have the full information.

Senator BARTLETT—So if there were any evidence or indication that staff had been telling people that they do not need to put in applications—and I am not sure how you would get that; phone calls are always a bit difficult to verify—what sort of action would you take?

Mr Early—We have had people out in the area doing workshops for local government and farmers, so I would be extremely surprised if that information was provided. It may well be that there has been some misunderstanding of the information that has been provided by Environment Australia.

Senator BARTLETT—Have you developed particular criteria for actions that could affect the red-tailed black cockatoo?

Mr Flanigan—We do not have any specific guidelines that have been developed for that purpose. I take it you are referring to the clearing of bull oak in relation to the red-tailed black cockatoo. The staff within the organisation have been having discussions amongst themselves to try to identify what level of activity of clearing of bull oak we may ultimately decide is significant. We do get asked by the public to take compliance action against people in the area, but at this stage we have no formalised guidelines that set down one way or the other what our judgments might be.

Senator BARTLETT—So you have not got formal guidelines and there is no particular internal policy surrounding that?

Mr Flanigan—There is no official policy surrounding that. These issues of determining whether or not a particular action is significant are decisions that, when we do not have guidelines, we take on the merits and the details of a particular case. As Mr Early mentioned, we have had officers out participating in workshops in Victoria and New South Wales with a number of stakeholders looking at the question of what might be considered to be significant. In that context, we are starting to get some ideas, but we are a long way short of having anything that is an official position.

Senator BARTLETT—Section 185 of the act requires the minister to take all reasonably practical steps to ensure the lists of threatened species and ecological communities contain all species and communities that meet the listing criteria. My understanding is that only seven communities and 47 species have been listed since the act commenced nearly three years ago, even though there are over 580 threatened communities included in state and territory lists, and the recently released biodiversity assessment identified 2,891 threatened ecosystems. It seems like a fairly wide disparity to me between the numbers identified and the ones that are actually listed. Is there an explanation for that?

Ms Delahunt—The issue you raise is one that is significant and is one that we have discussed with both the minister and the threatened species committee in the time that the

committee has been active. Compared to previous listing activity, the current threatened species committee has a fairly substantial output. You raise, importantly, the question of ecological communities, which is very vexed technically. The committee has put out a strategic framework for the assessment of ecological communities and we are working through, at the moment, a range of consultancies which will be addressing communities in a group.

Even though there have only been the number of ecological communities listed that you noted, more than that have been considered, because there have been some that have been rejected by the committee. Those rejections were accepted by the minister and they are also noted on the web site, but the minister has also asked the committee to consider with those rejections, because basically the committee and the minister agreed that it was important for ecological communities to be assessed in a strategic and a sensible fashion.

You would be aware that each of the states have a different form of mapping, a different form of describing communities. Many states do not actually call anything 'ecological communities'. We have 'regional ecosystems' in some states and we have been working with the committee to make sure that we have some national consistency, because the role of the EPBC Act is to look at things within the national context. So there are some consultancies under way at the moment, particularly in relation to grasslands. Only last week, I think, we put the latest report from the consultant on the Web, which was going through how best to approach temperate grasslands. That would cover quite a number of things that are on the list of 500 to which you referred at the beginning of the question.

Senator BARTLETT—Are you able to tell us how many assessments for species and communities have been completed?

Ms Delahunt—Since the commencement of the act?

Senator BARTLETT—Overall.

Ms Delahunt—You mean assessments being both listings and rejections?

Senator BARTLETT—I mean those completed by the committee. If they are completed and then rejected, it would include those, yes.

Ms Delahunt—I can certainly take it on notice. The committee's decisions of course are confidential until it has been decided by the minister. The web site does have all the nominations, all the listings and all the rejections. In between those are the ones that are between the committee and the minister.

Senator BARTLETT—I am partly wanting to get an idea of how many are in the pipeline, or sitting in the pile or whatever jargon you want to use.

Ms Delahunt—We can certainly give you that list.

Senator BARTLETT—Regulation 7.09 of the EPBC regulations requires, when the minister is making or adopting a recovery plan, that they have to consider whether or not to include habitat that is identified in that plan as being critical to the survival of the species or community. I understand there have been over 100 recovery plans adopted since the commencement of the act and a large number of these identify habitat that is critical to survival of the relevant species or community, but there have only been three entries made to

date in the register of critical habitat, which all relate to remote islands in the southern ocean. I am wondering why there is such a small number that have been put on the register of critical habitat given the significantly higher number of habitats that seem to be critical.

Ms Delahunt—The issue of the critical habitat and recovery plans is one that is shared between the two divisions and the Natural Heritage Division, and I notice that Mr Kitchell, who has just sat down, has primary responsibility for the recovery planning side and he might like to lead off in that answer.

Mr Kitchell—In relation to your question on critical habitat, you were right in saying that there have not been many that have been listed on the register. The scientific notion of critical habitat is a very complex one. It varies from species to species; it varies from family to family. It is the view that we have taken to focus on development and implementation of the recovery plans as a matter of priority, rather than to tie us up in what could be significant scientific knots in trying to come to terms with the definitions of critical habitat. It is a judgment that we have made; we will be moving on as quickly as we can to pursue critical habitat, but as I say the judgment was that it was more important to get on with the actions that are required to recover these species and recover these communities rather than to indulge ourselves in very detailed technical scientific debate.

Senator BARTLETT—My understanding is that a recovery plan can identify—and many have identified—critical habitat for the species. One example that I have had drawn to my attention is a recovery plan for the orange-bellied parrot that identifies critical wintering habitat that is located on Commonwealth land on Swan Island in Port Phillip Bay. If the recovery plan identifies critical habitat, why is it is such a scientific difficulty to include that on the register of critical habitat? Putting it on the register gives it greater protection, doesn't it?

Mr Kitchell—Yes, that is so. It is not the putting on the register that is scientifically fraught; it is the identification itself. In relation to the orange-bellied parrot, it has critical habitat both in Tasmania, which is effectively where it breeds, and in Victoria and South Australia, which is effectively where it feeds. Again, it points up the difficulties in determining exactly geographically where the critical habitat might be.

Senator BARTLETT—But your own recovery plan identifies Swan Island, not as the only but as critical habitat. Why don't you just put that on the register?

Mr Kitchell—I cannot answer that specific question about that specific species. If I could take that on notice I would be happy to get back to you.

Senator BARTLETT—That would be good for that specific one. I will not go through every single one that is there, but as a broad principle, if you identified a habitat in the plan, what is the hold-up if you only have three on the register? Is that something to take on notice as well?

Mr Kitchell—Yes, please.

Senator BARTLETT—That is fine. One other example—and I do not know whose category this fits into—is the grey nurse shark discussion paper that was published by Environment Australia, which makes mention of 10 sites that have been declared as critical habitat for the species under New South Wales legislation. The paper dismisses the option of

including the cod grounds on the register on the basis that the protection afforded under the act is inadequate. Could you outline why that option was dismissed on that basis? Are you actually saying that the protection afforded under the federal act is inappropriate, given that the cod grounds are in Commonwealth waters?

Mr Kitchell—That is an issue for the Marine and Water Division, and they were allowed to go home early.

Senator BARTLETT—We will put that on notice for them to give them a bit of extra work to do, seeing that they got out of here early. Also, we get a lot of questions and hear lots of concerns about the operation of the act and how well it is being enforced. Again, without going through every single aspect that has been communicated to me, I want to explore one aspect in particular, partly for itself and partly to give me a bit of an idea of how things work.

It has been indicated to me that Environment Australia was notified around 12 months ago about a farmer clearing land in or near Ramsar listed Gwydir Wetlands. In response to that, Environment Australia indicated that it would investigate the matter. I am told that the department received a few notifications about ongoing clearing in and adjacent to the wetlands. Some environmental organisations have told me that they contacted the department and provided photographic evidence of the clearing and were considering commencing proceedings in the Federal Court to stop the clearing. They did not proceed with that because they received an indication that Environment Australia would investigate the matter. Being a year or so later, it does not appear to have been happened. I do not know if you know this specific case—and I do not particularly want to name names or whatever—but what has happened in this instance and why has there not been any enforcement action, given what seems to be a fairly blatant breach of the act in terms of clearing?

Mr Flanigan—That is one of our current active investigations, so it is a bit sensitive to discuss in an open forum like this. It is sufficient to say that we are continuing our investigations. We have recently sought another warrant to go and inspect the property. We have been engaged with the property owner. Our principal objective has been, firstly, to get them to stop the activities that they were doing in this area and, secondly, to get remediation.

Senator BARTLETT—Remediation for what?

Mr Flanigan—Remediation for the damage that they have caused and, at the end of the day, that is our principal aim. We have been involved, and the Australian Government Solicitor has been involved, in a series of exchanges with the property owner. Most recently, the property owner has given us an undertaking to desist from any further action in the area. They have undertaken not to do the sorts of actions that we might consider would cause further degradation to the site—cropping and that type of thing. We are proposing another visit to the site, as I said, to examine just exactly what the state of play is up there, but beyond that I really cannot go into much more detail.

Senator BARTLETT—As a broader question—that example has been over a fairly long time frame—are there any time targets for dealing with complaints or potential breaches?

Mr Flanigan—We do not have any official targets for handling breaches. Each one is dealt with as a case on its own merits. We receive quite a large number of contacts and bits of intelligence over the course of the year that we follow up. We follow them all up as a matter

of course. The legal tests that we are required to deal with here are quite difficult and often very sensitive matters. We have recently been through an audit with the ANAO. While they have given us a general tick on our procedures and processes, one of the areas that they identified where we need to do better is our compliance and enforcement response. Over the course of this year we have been developing a compliance and enforcement strategy and policy, which has quite recently been approved and signed off on. We are now going through the process of detailed risk assessment for each of the elements of the legislation to identify what risks we face and how best we can deal with them.

Senator BARTLETT—This is a particular constituency based, Brisbane based, question. I recently saw a report in my hometown paper about two angle-stemmed myrtles that had been destroyed by contractors working for the Brisbane City Council. They are a very rare and endangered species. Are you going to investigate that incident and are there any enforcement or compliance actions that you are likely to take as a consequence.

Mr Flanigan—I am personally not aware of that incident.

Mr Early—Could you give us a few more details?

Senator BARTLETT—It was reported in the *Courier-Mail* of 27 May. There was a significant story about a couple of extremely rare plants being bulldozed to the ground by council contractors. I will let you take that on notice. In February this year two Japanese citizens were charged with offences under part 3 after being caught with stag beetles from Lord Howe Island. What has happened in relation to that prosecution?

Mr Flanigan—The prosecution is continuing. We have a court date set down for 4-5 June. Given that it is in front of the court, I do not think I should say much more.

Senator BARTLETT—I was just wondering about the progress and the time line. I understand that out of all the referrals that have occurred since the act came into force there have not been any referrals under part 7 of the act in relation to fishing activities in Australian waters.

Mr Flanigan—Fishing by Australian fishermen?

Senator BARTLETT—Yes.

Mr Flanigan—That is right—I think that is the case. There is a good reason for that, though. The tests in the legislation are for significant actions. Another element of the legislation deals with fisheries. We undertake strategic assessments of all Commonwealth fisheries—effectively all fisheries in Commonwealth waters. If you have detailed questions on that process and those assessments you might direct those to the Marine and Water Division tomorrow.

Senator BARTLETT—I have been told that Environment Australia has informed the DPP that it will not support the prosecution of fishers under the EPBC Act for the incidental capture of species under fishing concessions granted under the Fisheries Management Act. Is that correct?

Mr Flanigan—Again, that is essentially a marine issue, but I know some of the background to it. The issue you refer to there is in relation to part 13, the protection of protected species in Commonwealth waters. There is no specific direction to the DPP that that

is the case. Our view has been that, while we are going through the process of undertaking the strategic assessments of fisheries—going through the process of assessing the by-catch in Commonwealth fisheries—unless there is a clear and obvious breach we would not be pursuing incidental captures.

Senator BARTLETT—Strategic assessments themselves do not give an exemption under part 3 of the act, do they?

Mr Flanigan—The strategic assessments do not, no. At the conclusion of the strategic assessment process a fishery can be given an exemption under part 3 of the act. There is a separate process for granting exemptions under part 13.

Senator BARTLETT—In relation to the response you gave about the prosecution of fishers and communication with the Director of Public Prosecutions, I think I have got a reference for that in *AFMA News*. I might dig it up and get you to respond to it on notice.

Mr Flanigan—As I said earlier, Senator, you may want to direct these questions to the marine division.

Senator BARTLETT—Okay. I have a question in relation to exercises that the Defence Force is undertaking in August as part of Exercise Crocodile. The minister would no doubt be aware of that. I understand it is going to extend out into the Coral Sea, near the Coral Sea Territory. Are any conditions going to be imposed on the exercises under the EPBC Act in relation to any environmental risks? In particular, I am told there are World War II shipwrecks in the region, a sunken Japanese oil tanker, unexploded munitions and the like. Has that been assessed, and have any conditions been put on the exercises as a consequence?

Mr Early—That exercise is a controlled action under the act and it is currently going through the assessment process. It has been assessed by preliminary documentation which has been released by Defence for public comment. I understand they have had only two public comments on the proposal. Defence will now finalise their assessment documentation, taking into account those comments. We will then consider that and give advice to the minister.

Senator BARTLETT—I had a question on notice, which was answered recently, on what may seem like a small thing but again concerns the proper usage of the act. The question concerned whether the minister had declared that the operation of the members of the ADF in the Iraq region were exempt from section 28 of the act, and the minister confirmed that had been done. You did not actually provide an answer as to the date on which the declaration had been made. I wonder if you can either inform me now or take that on notice.

Mr Early—It was on 25 February.

Senator BARTLETT—Are we able to get a copy of that declaration?

Mr Early—Yes, we can provide a copy. I have not got a full copy here.

Senator BARTLETT—Thank you. I do not know whether this was asked under AGO, but I think it is in your area. A proposal has been floating around for quite a long time to include a greenhouse gas trigger in the act. Has that progressed at all? Have there been any meetings in relation that proposal with the state or territory governments in the last 18 months or so?

Senator Hill—We have answered a series of questions on that today.

Senator BARTLETT—Thank you. I will look them up in the *Hansard*. Does the strategic assessment of offshore petroleum exploration come under your bailiwick?

Mr Early—Yes.

Senator BARTLETT—The final terms of reference were released last year. Could you give me an update on where the assessment is up to, and when we can expect the draft assessment report to be published.

Mr Early—The draft assessment report is being prepared by the Department of Industry, Tourism and Resources. I know that they are part way through, but I am not exactly sure when they expect to have that completed.

Senator BARTLETT—Is that report being based on the report prepared in February 2001 of a review of environmental impacts of petroleum exploration and appraisal activities in Commonwealth waters?

Mr Early—Is that the consultancy that DITR had?

Senator BARTLETT—Yes.

Mr Early—That would be an input, but there would be others.

Senator BARTLETT—So you would not specifically use that as a foundation stone.

Mr Early—That is clearly an input but there would be other inputs in order to meet the terms of reference.

Senator BARTLETT—Biodiversity surveys on Commonwealth land and waters—is that in your patch? I will ask the question and you can tell me. Under the act, the minister has to prepare inventories that identify and state the abundance of listed biodiversity on Commonwealth land by July 2005. Has that process begun and, if so, how is it going?

Ms Delahunt—Yes, the survey activity project has commenced. We are in consultation with a range of other agencies. I do not have an update before me at the moment. We have work being undertaken to address that commitment.

Senator BARTLETT—You have five extra years for the biodiversity in Commonwealth waters. Has anything started on that? You have until 2010, but has there been any initial movement there?

Ms Delahunt—The Commonwealth waters matter would be something to address to the marine division tomorrow.

Senator BARTLETT—We had questions earlier about the land clearing deal, which probably is not your patch anyway.

Ms Delahunt—No.

Senator BARTLETT—I have a few other questions but I will put them on notice.

Senator WONG—I am glad Senator Bartlett had some questions, because I am supposed to ask you something, Mr Early, and that is in relation to the South Australian nuclear waste repository.

Senator Hill—You are not supposed to—

Senator WONG—I am a South Australian senator, Minister. I am afraid I have forgotten which site—is it 55b? What is the site that has actually been identified now?

Mr Early—I think 40a is the preferred site now.

Senator WONG—That was not considered to be the most appropriate site by government initially.

Mr Early—The preferred site was 52a in the environmental impact statement. I would not go so far as to say that was a government decision; that was a decision by the Department of Education, Science and Training.

Senator WONG—I think at the last estimates we had some discussions about various concerns this department and the defence department had, which had quite a bit of media attention. In relation to 40a, what were the concerns raised by EA regarding that site?

Mr Early—We did not really have any overwhelming concerns about that site.

Senator WONG—What about the underwhelming concerns then?

Mr Early—We have a very detailed approval that the minister approved which sets out a whole lot of conditions and also picks up some eight to 10 pages of conditions in the environmental impact statement. Our view is that, provided the conditions are met and the conditions in the environmental impact statement are met, we believe there is no environmental reason why the repository could not be built on that site.

Senator WONG—What are the major conditions?

Mr Early—This is all on our web site too. If we go through them, DEST must submit to the minister the results of some investigations of service and ground water modelling. Also, there are a couple of threatened species that they need to do some targeted surveys of at the beginning, so they have to make sure that they take that into account through their environmental management plan.

Senator WONG—Ground water modelling was the first one?

Mr Early—Yes.

Senator WONG—What is the issue there?

Mr Early—It becomes a bit difficult to go through a wad of paper that—

Senator WONG—Yes, I am making you do that.

Mr Early—One of the conditions requires further information from the proponent on the potential localised surface and ground water impacts on the final site to inform the design of the repository. The second condition requires ongoing monitoring of radiation levels to ensure that there is no impact on the environment.

Senator WONG—In other words, impact on the ground water? Is that one of the concerns?

Mr Early—No, it is just the localised surface ground water impacts.

Senator WONG—It is correct, isn't it, that that site actually has higher rainfall than the previously preferred site—that is my recollection of it.

Mr Early—I cannot imagine that it would.

Mr Forbes—That is not my understanding.

Senator WONG—Okay. Can we go back to Mr Early and his conditions.

Mr Early—Then there is a requirement for the department to submit for the minister's approval—that is, Dr Kemp's approval—an environment management and monitoring plan. That, as I said, picks up tables 13-1 to 13-6 of the environmental impact statement, which is that nine pages of requirements. Then there is a whole series of dot points about standards, codes and facility design—the sorts of things that you would normally expect in an environmental management and monitoring plan. There has to be a decommissioning plan and there has to be an audit after the first disposal campaign and every five years thereafter for compliance with the conditions for the approval of the repository.

Senator WONG—What are the threatened species referred to in the second condition?

Mr Early—*Frankenia plicata* and the plains rat. Basically, we are requiring the area to be fenced, both the 1.5 by 1.5 kilometre site itself plus the actual repository, which is only 100 metres by 100 metres within the middle of that. So, basically, we are requiring that that has no impact on the threatened species. In fact, it will probably have a benefit, by fencing that area.

Senator WONG—Did you have anything more?

Mr Early—No. I will give you a copy of the approval, if you wish.

Senator WONG—I would be happy to have that tabled, thank you.

CHAIR—There being no objection, it is so ordered.

Senator WONG—Can you just remind me what the time line is on the various conditions? What has to occur next?

Mr Early—Basically our environment management plan must be approved by our minister prior to the commencement of construction. So that timing is up to the department—

Senator WONG—As to when they decide they want to construct it?

Mr Early—That is right.

Senator WONG—Thank you.

Senator BARTLETT—I have a few more questions, but I will put them on notice.

CHAIR—Thank you.

Senator BARTLETT—Firstly, with the world heritage funding, in last year's version of the portfolio budget statement the estimated net expenditure was given over four years as \$5.5 million for the current financial year followed by \$4.8 million, \$4.9 million and \$6.2 million. The current one released with this budget has expenditure for this year at \$5.5 million and forward estimates down at \$2.4 million, \$2.5 million and \$3.3 million. It is a fall from last year's version of \$7.7 million over three years. There is a note that the process by which corporate overheads are attributed to divisional outputs has resulted in a lower level of overheads. In a media release put out after the budget, the minister stated that \$2.3 million of the reduction in program funding was attributable to the change in accounting practices. I

want to confirm those figures and see what the practical consequences of the lower level of corporate overheads means.

Mr Keefe—I can confirm those figures. In terms of practical implications, because it is mainly an accounting difference by which the corporate overheads are calculated, it will make very little practical difference to the way we operate.

Senator BARTLETT—So you are saying you will save \$7½ million over three years through changing your accounting measures?

Mr Keefe—It is not that we save that; it is that the cost of the output is changed in the way it is calculated. Previously, across the whole division, all of the costs of the corporate attributions went onto the Environment Australia side of it; now it is more broadly based.

Mr Beale—Previously the Australian Heritage Commission's overheads were allocated entirely to the Heritage Division rather than being treated as ordinary departmental overheads would normally be—that is, distributed across a number of centres. So it gave an unnaturally large proportion of overheads on the remaining funds in the division. It is a removal of that or its treatment in the same way as we treat overheads elsewhere in the department that leads to the apparent change of \$2.3 million and \$3.1 million.

Senator BARTLETT—The minister's figure from the press release said there were reductions of \$2.3 million attributable to the change in accounting practices. Was he talking about one year?

Mr Beale—Yes, per year.

Senator BARTLETT—I am specifically curious what the details of the estimated financial contribution to the management of the wet tropics world heritage area will be over the next five years.

Mr Keefe—Those allocations are made from the Natural Heritage Trust too. Its decision is made on an annual basis in relation to the national component as well as the state-wide and regional components of the NHT, so I cannot give you figures of the out years.

Senator BARTLETT—So, in effect, decisions beyond this year have not yet been made about allocation of funding for the wet tropics area?

Mr Keefe—That is correct.

Senator BARTLETT—Surely that would make life a bit difficult for the management authority in terms of long-term planning, wouldn't it?

Mr Keefe—The allocations that have been made from the NHT are decided, in general, by a ministerial council that involves the state and the Commonwealth. That has been the situation for quite some time for Queensland.

Senator BARTLETT—I have been asked about the heritage values of the Kingston historic area on Norfolk Island. Does that come under your purview?

Mr Leaver—Yes.

Senator BARTLETT—Do you have any information on the steps being taken there to protect those heritage values from the impacts of residential development in the surrounding areas?

Mr Leaver—It is hard to contemplate a more important heritage site in Commonwealth ownership than that particular area. In the face of a longstanding proposal to proceed with residential development in the precincts of that area, the minister required that the development be referred to him for assessment under the Environment Protection and Biodiversity Conservation Act. That was mainly to trigger those provisions in section 26 of the act that protect the environment on Commonwealth property from actions outside that property that could have an adverse impact on the environment. That assessment has been called in and is currently under way under the provisions of the act.

Senator BARTLETT—I understand there are proposed changes in the Norfolk Island planning scheme. Are they likely to affect this area?

Mr Leaver—No. This is Commonwealth property. We work very closely with the Norfolk Island government and the administrator, but the operation of section 26 of the act would protect the area notwithstanding any provisions in the Norfolk Island planning instruments.

Senator BARTLETT—I want a bit more detail about the new measure due for funding announced in the budget under the heading ‘Distinctively Australian’, which I presume is also in your patch. It was stated that the government will invest an additional \$13.3 million over the next four years. I presume that means new money?

Mr Leaver—Yes, that is \$13.3 million in new money, but it is contingent on the legislation that is currently before parliament being passed.

Senator BARTLETT—Yes, I noticed that bit too. It also stated that existing funding for the AHC of \$39 million will be available to support the initiative on the passage of the new legislation. If the legislation, through some unthinkable outcome, actually does not pass, will that \$39 million in AHC funding still continue?

Mr Leaver—Yes.

Senator BARTLETT—I have also had some suggestion made to me that the fact that the legislation had not passed yet had resulted in lost funding. Is that the case?

Mr Leaver—No. In fact, there are a number of lines in this year’s budget that have increased funding for heritage, in particular the measures for a better environment and sustainable cities which—

Mr Beale—I think, Senator, perhaps it is the case only in the sense that, if the legislation had been passed earlier, there would have been an earlier opportunity to put the new policy proposal that successfully brought this funding in this budget. I do not think there is any other sense in which the failure to pass the legislation has led to a loss of funding.

Senator BARTLETT—The funding would have been available sooner?

Mr Beale—The funding comes with the new program and the new responsibilities.

Mr Leaver—But, as I said, there are other streams in the budget that in fact increase the availability of funding for heritage.

Senator BARTLETT—You were part way through telling me about all these fabulous new initiatives when you got interrupted.

Mr Leaver—I was indeed. The Year of the Built Environment is a fabulous new initiative. The budget provides half a million dollars to assist Western Australia and the Royal Australian Institute of Architects for the 2004 Year of the Built Environment initiative, which we believe heritage has an important component of—as, indeed, a whole range of other environmental management programs associated with the operation of government and the private sector do. So that is a measure in the current budget, as are other matters relating to movable cultural heritage and the ongoing operation of our other heritage management programs.

Senator BARTLETT—Coming back to Mr Beale—whom I interrupted—I would like to double-check that if it had passed earlier the money would have been available earlier and that there is no lost pool that has drained away in the interim.

Mr Beale—That is correct.

Senator BARTLETT—Obviously the Senate has only got a fortnight's worth of sittings in the last two weeks in June, as I am sure you are very much aware. If it passes in that period, and with the financial year kicking in on 1 July, are you pretty much ready to go then?

Mr Leaver—We certainly are. We have done a great deal of work on the necessary instruments to ensure the new regime can be swiftly implemented. We have been working with stakeholders on some trial themes that could form the basis of nominations for new national heritage places. We have done a great deal of work on those Commonwealth heritage places that are currently on the Register of the National Estate that will be ready for transfer to the new Commonwealth Heritage List. So we are indeed ready and—dare I say—looking forward to it.

Mr Beale—The states and territories are very ready for it too. It has been strongly supported by the chairs of all the state heritage commissions, as indeed it has been by the national trusts, ICOMOS, and all the parties associated with heritage protection.

Mr Leaver—Even last Friday, at the Alps ministerial council, the states put forward a proposal that an early consideration should be national heritage listing of the Alps. So there is a great deal of enthusiasm in the states, not only for that one but a range of possible places that would form the core of our National Heritage List.

Senator BARTLETT—To focus on the negative for a second, if the Senate were not able to pass that by 30 June—knowing, as always, the massive legislative workload and competition amongst different ministers to get their legislation to the top of the pile in the final fortnight—where would that leave things? I do not mean if it gets voted down; I mean if we do not get a chance to finalise debate on it.

Mr Leaver—The Register of the National Estate and the operation of the Australian Heritage Commission Act would continue—it would be the law of the land. The Heritage Commission would continue to meet and consider its statutory obligations and comment on measures that could have an impact on places on the register. The Commonwealth heritage environment would continue to be protected under sections 26 and 28, and our World Heritage obligations would continue.

CHAIR—Senator Bartlett you will just have to help us pass it, won't you?

Senator BARTLETT—They were just saying everything would continue on well, so—

Senator Hill—We had been hopeful that it might have been resolved before the end of the last session. We are ever more hopeful that it will be resolved by the end of this session. There will always be competing pressures.

Senator BARTLETT—Hopefully it will be at the top of the pile when the list of legislation comes out.

Mr Beale—I am eager to get my hands on the money!

Senator BARTLETT—You are basically saying that existing protections will continue on and the reasonably good regime which exists currently would be ongoing. I guess that this money you are talking about is not contingent on 30 June.

Senator Hill—The current regime is totally ineffective. The problem is that there is so little protection in it.

Mr Leaver—There is the Norfolk Island example—it is listed on the Register of the National Estate, which proved useless when it came to protecting that vital piece of the environment against possible—

Mr Beale—It was the Environment Protection and Biodiversity Conservation Act which protected that.

Senator BARTLETT—It is not too bad an act, that one. Your statements there sounded like you were saying that things would continue on and that you would still be doing an excellent job. But I guess you do not want me to make the inference that life would go on just as well without the new act.

Mr Beale—No, indeed.

Senator BARTLETT—To clarify the issue of the funding here that is contingent on the new act going through, if it is, for whatever variety of reasons, still not finalised until August or something, would that money then just kick in in August? Would you have to wait until 1 July 2004 to switch across?

Mr Leaver—No, from the commencement of that new act that money is available for the distinctively Australian heritage initiative.

Senator McLUCAS—Could I ask a question before you go—but you may refer to NHD—about the point you made about the funding of the Wet Tropics Management Authority now coming from NHT too—I daresay that is what you are saying. In the case of Queensland, with the Wet Tropics Management Authority, is that contingent on agreement with the state of Queensland?

Mr Keeffe—That is dependent on the signing of the bilateral with the Queensland minister in relation to NHT too.

Senator McLUCAS—I will direct questions about that to the Natural Heritage Division.

Mr Keeffe—That is more appropriate, yes.

Senator McLUCAS—Previous to this decision, funds for World Heritage listed sites—where did they come from?

Mr Keeffe—From the NHT1 there was an allocation where decisions were made on a project based basis where state and territory management agencies responsible for day-to-day management applied to the Commonwealth for use of NHT funds.

Senator McLUCAS—Is that the case with WTMA?

Mr Keeffe—Yes, it is the case with WTMA. In addition, WTMA also received—on the basis of decisions of the ministerial council—administrative assistance.

Senator McLUCAS—Can you tell me—and you can take this on notice if you would like to—what the separation of those portions of funds was: what was administrative assistance, what was money out of NHT1?

Mr Keeffe—Yes.

Senator McLUCAS—Prior to NHT1, though, those ones came directly from the department; is that correct?

Mr Keeffe—Departmental funds—I will take that question on notice and provide a spreadsheet of funding to the wet tropics and its different uses.

Senator McLUCAS—Then why is it that the community is saying to me—and I think it is the point that Senator Bartlett was making as well—that now there is no surety of ongoing funding to WTMA?

Mr Keeffe—The previous arrangements still apply in the sense that the NHT is the main source of funds, but now there is—as well as the national component—the potential for state and territory land management agencies and community groups to apply for regional funding or state-wide funding in which it is matched between the Commonwealth and the states. That is a whole new scenario, adding to it the need for agreement with the state through the signing of the bilateral. Some of the community are saying that that is less clear, but when regional priorities are recognised—particularly, say, in threatening processes on the fringes of the wet tropics, fire control, pest and weed control—there is capacity for accessing increased funding at the regional level. But that is a question in the way NHT2 is operating, so it may be better for the Natural Heritage Division to give you further information on that.

Senator McLUCAS—Have you done any analysis, then, on how strategic programming and planning of authorities like WTMA is affected by funds coming from a range of places? I am using WTMA as the example. How does that impact on that ongoing strategic approach to delivering the range of programs that—in the case of WTMA—they do, or they try to, with very little funds?

Mr Keeffe—The joint ministerial council still oversights the development of strategies that are carried out under the Queensland legislation so there is a co-operative approach to defining the priorities for dealing with management issues in the wet tropics.

Senator McLUCAS—That is the NHT joint ministerial council on wetlands?

Mr Keeffe—No, that is the Wet Tropics Ministerial Council.

Senator McLUCAS—And then they apply for funds to NHT?

Mr Keeffe—No, the funds for NHT are applied for at the regional level—by community groups—and also funds are allocated from the national program on ministerial decisions, but the priorities are defined by the Wet Tropics Ministerial Council.

Senator McLUCAS—And how do they input into the decision making about funding that goes to those regional applications?

Mr Keeffe—The minister has encouraged engagement of the state—in this case, the Wet Tropics Management Authority and the Wet Tropics Board and their community consultative committee—in order to identify areas of project based funding that could better be sourced from the regional level, depending on local regional priorities. It has been a double process, in terms of national funding for the core administrative aspects and regional funding where particular projects are available—but state-wide funding has also been applied in the 2002-03 year.

Senator McLUCAS—Because of time, could you take it on notice to provide a table for me that identifies, prior to NHT1, the source of funding and the quantum, tracking that annually to the current year and for this current budget?

Mr Keeffe—Yes.

Senator McLUCAS—I am trying to understand where the money used to come from and where it is coming from now, to understand how there is some ability to truly plan if you have moneys coming from different sources. The other question is: have we done any analysis, given the competitive nature of funding for core agencies like WTMA, of the impact on retention of staff? I am concerned at two levels. The first is the retention of very highly qualified professional staff that, in the case of these agencies, we are very keen to retain because of their corporate knowledge. The other group of staff that I am very concerned about is the young new graduates who you want to keep within an agency so that they replace those people somewhere down the track. I am concerned that bringing a competitive function into the funding of these important agencies may jeopardise the ability to retain those staff. Have you done any analysis of it? If so, can you tell me about it? Those questions are probably best taken on notice.

Mr Keeffe—I can answer in basic terms. The Wet Tropics Management Authority is a statutory authority that operates under Queensland legislation. Environment Australia does not manage the Wet Tropics Management Authority so we are not responsible for staff.

Senator McLUCAS—It is the analysis of the principle of funding rather than what is happening.

Mr Keeffe—You want us to ask the Queensland government that question?

Senator McLUCAS—No. I am asking whether EA, in any way at all, thought about what would happen if you started introducing a competitive model into funding of core agencies and whether that would change retention in those agencies.

Mr Keeffe—That is a question I would have to pass on to the Wet Tropics Management Authority. The answer is no, we have not done that analysis, because it is not our responsibility.

Mr Beale—That is essentially a matter for the Queensland government. We cannot analyse the impact of a changed model on each and every one of the agencies who draw funds from the Natural Heritage Trust. Many agencies in many states with many different functions draw funds from the Natural Heritage Trust because it is, by far and away, the biggest bucket of money for the environment around in Australia. I do not really think that we can appropriately answer that question. It is something that Queensland could deal with if it wished to give that surety.

Senator McLUCAS—I do think it is a question that we should be asking the Commonwealth. Queensland and the other states may have a view as well. We have changed the model of funding, from funds that used to go to authorities like the Wet Tropics Management Authority—and I am just using that as an example—to a competitive model where there is no longer the surety held in those agencies that they will be funded in an ongoing way and funded for the programs that their strategic plans identify. That is a fundamental shift in philosophy of funding. I want to know—and I have been asked if we could place it on notice because of time—whether analysis was done, prior to a shift in the funding style, of what it would do to the retention of staff.

Senator Hill—There was never any surety. Each year Queensland had to put up a budget, the budget was debated and the Commonwealth decided, against all the other budget pressures, what funding it was prepared to provide. The only surety, if you want to express it that way, is the fact that the Commonwealth accepts the obligations under the World Heritage Commission, and those obligations are for the World Heritage values. So, in effect, what we are seeking to do is to supplement Queensland, in relation to World Heritage values, for their primary responsibility as natural resource managers in their own state.

Senator McLUCAS—The question I am asking is different from the point you are making, but I think in the interest—

Senator Hill—What I am saying to you that the assumption in your question is wrong. The assumption is that there has always been some form of guaranteed Commonwealth funding.

Senator McLUCAS—The legislation does give you a good basis to predict that there would be ongoing funding to protect those values.

Senator Hill—No. No legislation gives that in relation to the wet tropics World Heritage area. It is Queensland legislation; it is not state legislation. It is not like the Great Barrier Reef.

Senator McLUCAS—However, it is a Commonwealth listing on the register. Therefore, the Commonwealth has an obligation.

Senator Hill—The Commonwealth has the treaty obligation and the Commonwealth respects its obligations. But the primary responsibility remains with Queensland. It was a struggle every year to get money out of Queensland, and it probably still is.

Mr Keeffe—It has not changed much.

Senator McLUCAS—Thank you. I will leave it at that.

CHAIR—Senator McLucas, have you finished with the heritage division?

Senator McLUCAS—Yes, thank you.

Senator WONG—I think there are no further questions of the heritage division. There is one reasonably discrete block of questions that Senator McLucas wishes to ask in relation to the Natural Heritage Trust.

Senator McLUCAS—I just need to indicate, Chair, that this is one section of the set of questions that we will be giving to the Natural Heritage Division. Is that clear? This is just a small section.

CHAIR—Yes.

Senator McLUCAS—I do have two sets but I will not have time to do both so I just want to do Cape York NHT. On notice, can I get a table of the breakdown of the budgeted items that were identified in this document, the NHT plan, on page 4, and the total expenditure on an annual basis against each of the strategies for the plan from—is it 1978 or 1989?

Mr Kitchell—I think it is on the cover—I am not sure.

Senator McLUCAS—From the year of instigation to the current year, then, please.

Mr Kitchell—Of course. So you want each strategy each year.

Senator McLUCAS—Each strategy—and for strategy 1, I would like the three subelements to that. Can that table also show what money is unexpended—what is left—out of the original allocation and whether or not any of that money is currently committed? There will be a lump sum left over, but some of it may have been committed in some way.

Mr Kitchell—Yes, sure.

Senator McLUCAS—Thank you.

Mr Kitchell—That is on the understanding that in all cases they were notional allocations as opposed to firm allocations.

Senator McLUCAS—Yes. Note 1 says that, but there is conjecture about that, as I am sure you are aware. What is the department's current view about how effective property management planning has been?

Mr Kitchell—It has not been effective. It is one of the strategies in the plan that we have been disappointed with in terms of productivity over time and reaching any sense of conclusion about potential outcomes. We have not been satisfied.

Senator McLUCAS—Have you done an evaluation of why that has been ineffective?

Mr Kitchell—We did do a sort of mini-midterm review. The indications were that it was just fundamentally a very difficult process. The three principal stakeholders—the pastoralists, the traditional owners and the conservation groups—with their unique and quite often separate views of the world, and the underlying native title made it a very complex set of negotiations. Also, the group Balkanu, who were largely responsible for assisting the traditional owners in the negotiation process, indicated to us that one of their significant difficulties was identifying the traditional owners who could legitimately negotiate on the 11 pilot properties. So there have been a raft of problems in a very complex legislative environment.

Senator McLUCAS—Did the department support Balkanu's view that we should adopt this subregional approach?

Mr Kitchell—It is a view that was put to the ministers. They were attracted to the subregional approach and would support it if the landowners themselves were to embrace the subregional approach. We cannot do it unless, of course, the pastoralists want to operate on that basis.

Senator McLUCAS—Under the plan, a number of land and sea management centres have been established on Cape York Peninsula, with quite a bit of expenditure put into them to this point. How do you see them being sustained into the future?

Mr Kitchell—It has never been the intent of the strategy or of the trust to fund those in the long term, to have the Natural Heritage Trust as the ‘forever’ funding for those. The trust was always meant to be catalytic. It provided the initial start-up funds and provided some ongoing operational funding. I think there is a realisation within the Queensland government that, ultimately, the Queensland government will have to pick up the running costs of those entities if they are to survive and be durable in the long term.

Senator McLUCAS—Is the fact that we have not signed the bilateral between the Commonwealth and the state affecting the ongoing nature of the land and sea centres and a whole range of programs as well?

Mr Kitchell—I am not aware that any of the land and sea centres are actually running out of money as a result of the bilateral agreement not being signed.

Senator McLUCAS—Could you investigate that, please.

Mr Kitchell—Yes, I can do that. At the moment we are looking to an interim financial agreement with Queensland ahead of the formal bilateral agreement, and we are confident that we will have an agreement with Queensland in the middle of next month. We understand that on 10 June the Queensland cabinet will be considering a draft that is being prepared between officials, and we would be hopeful that moneys can flow subsequent to that agreement being agreed by the parties.

Senator McLUCAS—So you do not see any delay in program moneys being able to be delivered to the range of programs currently funded through NHT1?

Mr Kitchell—No, I do not. They will have to go through a process of course, as they do in every other region in Queensland and every other region in Australia.

Senator McLUCAS—Let us go now to the weeds and feral program. I am advised that that money will run out very shortly—September at the absolute outside—so, even though you have an interim agreement, would you imagine there will be a process of applications?

Mr Kitchell—There will be a process run within the region, as there will be in every region in Australia, to identify those priority projects that the region itself sees as significant, which will then be put to the Natural Heritage Ministerial Board. In relation to the Cook Shire weeds program, they have made an application—I think for \$600,000-odd—to extend that. Minister Kemp has written at least once, indicating that he feels himself unable to provide that level of funding without there being some level of equivalent commitment from the Queensland government towards that project.

Senator Hill—A lot of money has been put into it already.

Mr Kitchell—I think, when we do the table for you, Senator McLucas, you will find that the weeds program is overspent. We have already spent our nominal allocation for that program.

Senator McLUCAS—Other than the interim evaluation that was done about 18 months ago, has there been a subsequent analysis of the effectiveness of the pest and feral program?

Mr Kitchell—I am not aware of it. If there has been, I am not aware of it.

Senator McLUCAS—Are you aware of conjecture about the effectiveness of it?

Mr Kitchell—There is conjecture about many projects from many places.

Senator Hill—It is part of the atmosphere of Cape York. You cannot get a consensus on anything.

Senator McLUCAS—We did at the end of 2010, but that was a long time ago. Can you explain why so little money was spent on acquisitions?

Mr Kitchell—It was largely a function of Queensland not coming forward with properties that were ready for purchase and that the Commonwealth agreed were priorities for purchase.

Senator McLUCAS—What was the process of negotiation between you and Queensland about identifying those properties?

Mr Beale—We were looking for properties that added to the national reserve system, adding something to that system which the system did not already have.

Senator McLUCAS—I understand that the Commonwealth purchased one property in five years.

Senator Hill—We identified a string of properties five years ago.

Senator McLUCAS—Do you know how many Queensland has purchased in that time?

Mr Kitchell—No, I do not.

Senator Hill—It has let a few leases run out.

Senator McLUCAS—Do you know how many it has purchased? I do not either.

Senator Hill—It depends what you mean by purchased.

Senator McLUCAS—There are about six or eight.

Senator Hill—They are not real purchases, are they? They were leases that were about to expire or had expired.

Senator McLUCAS—I do differ. I am sorry, but that is not correct.

Senator Hill—Let us do an analysis.

Senator McLUCAS—Can you do an analysis of the properties that Queensland has purchased over the same time that we have had this in place?

Senator Hill—How much they have spent.

Mr Kitchell—Of course we would be reliant on Queensland providing that information to us.

Senator McLUCAS—Certainly. I could actually find that information in different way.

Mr Kitchell—I know they have purchased two properties just recently—one off Mr Quade and another from someone whose name escapes me at the moment.

Senator McLUCAS—There are quite a few that Queensland has purchased in that time. I understand that the one property purchased cost \$125,000, but I may be incorrect about that.

Mr Kitchell—The one that the Commonwealth contributed to?

Senator McLUCAS—Yes.

Mr Kitchell—And what was the question?

Senator McLUCAS—How much was it and where was the property? There is a question I am trying to get to. You are saying that this is because Queensland did not identify properties. Queensland purchased a whole range of properties, so they have obviously identified them for their own purposes. I cannot believe that a state would say, ‘We’ll go and do it ourselves and we won’t ask the Commonwealth to go halves.’

Senator Hill—But you have hit the nail on the head when you said that they are purchasing for their own purposes. Under the National Reserve System we have criteria under which the Commonwealth is contributing. We are trying to build a comprehensive, representative and adequate National Reserve System. Where possible, we are trying to work with the states to do it, because we know we cannot do it ourselves. But if the property does not meet the values that fit those criteria then we do not buy it. If the Queensland government have got another reason to buy a property then that has to be looked at in the circumstances of that reason. It is not necessarily being purchased because it has values that fit the national reserve criteria.

Senator McLUCAS—Mr Kitchell, you are saying that five years ago there was a list of properties that potentially would fit that criteria. Are you saying that none of those properties have come onto the market in the last five years?

Mr Kitchell—There was a list of properties that Queensland initially put forward. My memory does not allow me to go through each of them, but for a range of reasons—ranging from the types of things that Senator Hill has just indicated: the inappropriateness for the National Reserve System through to properties being unavailable for sale; they were properties that they would have liked to have purchased that were just not available at the time—as you say, there were a few of those that we contributed to; maybe just that one you talked about.

Senator McLUCAS—So all of the properties that Queensland purchase do not fit the criteria for the National Reserve System?

Mr Kitchell—Not necessarily. There was also at one stage a difference of opinion between the Commonwealth and Queensland in terms of the relative contribution between the two. Queensland at one stage were maintaining that Cape York was special and that the entire purchase price should be borne by the Commonwealth. Senator Hill, when he was minister, indicated that it was not that special—

Senator Hill—It was special—

Mr Kitchell—It was special but not that special.

Senator Hill—But it was special enough for them to put some money in as well.

Mr Kitchell—Those active discussions proceeded for quite a period of time.

Senator McLUCAS—Just to finish off on acquisitions, is the Commonwealth still committed to pursuing acquisitions on Cape York Peninsula?

Mr Kitchell—Minister Kemp has said that he is comfortable with all of the strategies that are in the plan forming the basis for going forward into NHT2. He has clearly also said, though, that he wants to see a balance. He does not want to see the program overwhelmed by property acquisition to the detriment of getting some outcomes—for instance, from the property planning process.

Senator McLUCAS—I think you could argue that it has been the reverse, given that up to \$21 million was allocated to strategy 1 and up to \$10 million was meant to be attributed to acquisitions, and we spent \$125,000 in five years. We can criticise people about property management plans on the one hand, but to spend \$125,000 out of \$10 million over five or six years is not a really good outcome. I am interested in knowing why. Where does the money go that is unspent in the original strategy? It is still sitting, I dare say, in a bucket called NHT1.

Mr Kitchell—No, it does not sit in NHT1; it will now be dealt with under NHT2. The government is committed to the up to \$40 million that it committed to initially, so there is no retreat from that initial commitment.

Senator McLUCAS—We can expect that the money that was signed off in 1996 will still be spent in Cape York.

Mr Kitchell—That is right.

Senator McLUCAS—But maybe with some redefining of priorities—that is what you are saying.

Mr Kitchell—Maybe redefining the balance of expenditures that you have outlined are attached to each of the strategies in the plan.

Senator McLUCAS—Will there be a further evaluation done before that redefinition of priorities occurs?

Mr Kitchell—Not so much an evaluation, but there will be a discussion within the region about the relevant priorities that they want to adopt. Everything that we hear from the Cape York community is that they do not want to do another plan.

Senator McLUCAS—I absolutely concur with that.

Mr Kitchell—There is a consensus pretty much that the plan that you have in front of you should form the basis for moving forward into NHT2, but there may be a reprioritisation, a rebalancing, between the separate strategies within that plan.

Senator McLUCAS—Do you agree though, that you need to go through some sort of evaluation before you say, ‘We are going to move moneys from this program to this program,’ and that that decision has to be informed in some way?

Mr Kitchell—And it will be informed by the views that we receive from the region and from the experience that we have had over the first five years. If you are asking me whether a

formal evaluation process is going to be put in place, we have no intention of that at the moment.

Senator Hill—There are ongoing evaluations in relation to particular projects, aren't there?

Mr Kitchell—Yes. I thought Senator McLucas was asking a different question.

Senator McLUCAS—Thank you very much. I will put any further questions on notice.

Proceedings suspended from 6.32 p.m. to 7.34 p.m.

**COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS
PORTFOLIO**

Consideration resumed from 28 May 2002.

In Attendance

Senator Hill, Minister for Defence

Department of Communications, Information Technology and the Arts

Executive

Ms Helen Williams AO, Portfolio Secretary

Ms Fay Holthuyzen, Executive Director, Communications

Dr Alan Stretton, Executive Director, Arts and Sport

Telecommunications Division

Mr Chris Cheah, Chief General Manager, Telecommunications

Mr Col Lyons, General Manager, Telecommunications Competition and Consumer Branch

Mr Brenton Thomas, General Manager, Enterprise, Infrastructure and
Radiocommunications Branch

Mr Simon Bryant, General Manager, Regional Communications Policy Branch

Mr James Barr, General Manager, Networking the Nation Branch

Mr Richard Thwaites, General Manager, International Branch

Broadcasting and IP Division

Mr James Cameron, Chief General Manager, Broadcasting and Intellectual Property

Ms Kylie Browne, General Manager, Intellectual Property

Mr Gordon Neil, General Manager, Licensed Broadcasting

Mr Rohan Buettel, General Manager, Public Broadcasting

Ms Trish Barnes, Acting General Manager, Digital Broadcasting

ICT Division

Dr Beverly Hart, Chief General Manager, ICT Industry Division

Mr Philip Allnutt, General Manager, ICT Industry Development Branch

Mr Michael Sutton, General Manager, ICT Innovation Branch

Dr Simon Pelling, General Manager, Framework for the Future Task Force

Corporate and Business Division

Mr Craddock Morton, Chief General Manager

Ms Jennifer Gale, Chief Finance Officer

Mr Frank Nicholas, Acting General Manager, Knowledge and Information Services

National Office for the Information Economy

Mr John Rimmer, Chief Executive Officer

Dr Rod Badger, Director/Chief Executive Officer

Mr Patrick Callioni, Chief General Manager, Strategy and Programs Group

Mr Keith Besgrove, Chief General Manager, Regulatory and Analysis Group

Mr John Grant, Chief General Manager, Government Services and Information Economy
Group

Ms Ann Steward, Principal Adviser, Government Services and Information Economy
Group

Ms Michelle Kinnane, General Manager, Channel Development Branch
Ms Anne-Marie Lansdown, General Manager, Access Branch
Mr David Kennedy, General Manager, Analysis Branch
Mr Ashley Cross, General Manager, eBusiness Branch
Mr Tom Dale, General Manager, Regulatory Branch
Ms Robyn Fleming, General Manager, Information Framework Branch
Mr Steve Alford, General Manager, Business Strategies Branch
Ms Paul Malone, Acting General Manager, Corporate and Governance Branch
Ms Kylie Carrett, Manager, Finance
Mr Tony Judge, Manager, Budget and Performance
Mr Tim Field, General Manager

National Office for the Information Economy

CHAIR—We will begin with the National Office for the Information Economy and output 3. I welcome Ms Williams from the Department of Communications, Information Technology and the Arts and Dr Badger from NOIE.

Senator LUNDY—I would like to ask NOIE some general questions about government online and, in particular, the efforts by DCITA to try and commercialise a web site. Were any officers in NOIE aware of that initiative?

Dr Badger—As I said last time we were here, I was certainly involved in the original selection process for the bidding for the web site. I do not actually recall doing it, but people tell me I did, and that is not an unexpected thing given my role in the place at the time. I think I chaired the tender panel for the start of it. I think the original was finished in December 2000 and the separate NOIE was established in October or something. I was certainly involved.

On the question of commercialisation, I listened to the discussion the other night and I certainly do not recall something like a commercialisation project. I know that there were people involved in proposals at the working level who thought that if they had the web site that they were talking about it may have commercial possibilities, but my recollection of everything back there is somewhat vague. I certainly do not recall, in the process of making the selection, that anything to do with commercialisation was a factor. In fact, I have a vague recollection of people at the time saying that, no matter how good an idea this was all going to be, the one thing that would never happen was that the department was to be exposed to any risk associated with people even thinking about the idea. That is my whole recollection of it.

There was nothing in NOIE's role in the guidelines that we produced for the qualities or characteristics of government web sites that would have gone to the issue of commercialisation. By listening to the discussion the other night, I think I had gone to the independent NOIE by the end of 2000. That is my last recollection of the web site activity. Mr Grant was nowhere near the place and neither was Mr Callioni. I do not think there were any other officers in—I do not know now—

Senator LUNDY—Mr Besgrove, do you have any knowledge of the web site?

Mr Besgrove—I did have some limited involvement in the web site proposal in the last month or two that I was in DCITA, which was around November to December of 2000. I had some limited involvement in some discussions with venture capitalists.

Senator LUNDY—Can you tell me about those discussions?

Mr Besgrove—Well, let me just finish the first answer.

Senator LUNDY—Certainly.

Mr Besgrove—As Dr Badger indicated, we were going through a process of transition across to a newly established NOIE, where I went soon after, so I did not have any ongoing involvement. As I think several people have suggested, the original concept of the web site, had it been delivered along the lines of what the department envisaged, had the potential to be of considerable benefit to a lot of agencies within government, providing a platform at much reduced cost.

Senator LUNDY—So this was the original?

Mr Besgrove—Yes. The original idea looked very compelling and, at the time, it looked as if that compelling idea might have some commercial appeal. So I was involved in some discussions with several venture capitalists to explore whether there would be any interest. I think that was subsequently followed up by the department more formally exploring it, which is what Mr Morton was talking about when the department was presenting evidence. It was really based on the idea that if what had been proposed could be made to work it would represent a very substantial saving to many smaller Commonwealth agencies. On that basis, it was an idea that was certainly worth exploring, and it was also an idea which could well have been of considerable interest in some sort of outsourced scenario further down the track.

Dr Badger—I think it was pretty clear, if you were sitting in the organisation at the time, that all that people were proposing was a potential outcome. As far as I can recall, the problem was that there was never anything that anybody could commercialise, because nothing had happened. It was that sort of thing; it was just an idea. Some of the people thought that, if this happened, it might work. That was all.

Senator LUNDY—Mr Besgrove, you said that you think the project had potential for considerable saving for other agencies. We heard earlier that only one department made an investment—or subscribed to the vision, if you like—by purchasing Vignette licences. Can you match up the fact that the project only had a response from one department with your statement that it potentially offered considerable savings to a lot more? Can you share your observations or theories about why more departments did not choose to—

Mr Besgrove—I do not think it is appropriate for me to speculate.

Senator Hill—Mr Chairman, I am trying to work out what this has to do with this year's appropriations. I wonder if you could tell me, and if it has nothing to do with this year's appropriations then I suggest you invite the honourable senator to move on to something that does.

CHAIR—We have just started, Minister, and I am not sure whether Senator Lundy—

Senator Hill—Asking a witness to share their feelings as to what might or might not be a theory is hardly an estimates question in any event.

Senator LUNDY—Observations was the subject of my question.

Senator Hill—But what does it have to do with this year's estimates?

CHAIR—I do not know yet, but I was hoping that Senator Lundy would lead us to it fairly shortly.

Senator LUNDY—Do you know how much this web site cost, Minister?

Senator Hill—Obviously too much.

Senator LUNDY—Clearly; a very sharp observation.

Senator Hill—It sounds like a rather sad historical issue.

Senator LUNDY—Can you tell me who the venture capitalists were that you spoke to, Mr Besgrove?

Mr Besgrove—I was involved in discussions with Newport Capital and Castle Harlan-Australian Mezzanine Investments. The department may have had discussions with other venture capitalists, but to my memory they are the only two that I spoke to. That was in association with the then project manager for the web site proposal.

Senator LUNDY—Was there any interest? Was there any indication that they would make an investment?

Mr Besgrove—There was not an indication that they would make an investment as such, but there was strong interest in the potential of the proposal once it had been implemented. My memory is that they were certainly interested in the idea, if it could be made to work as proposed.

Senator LUNDY—Can you give me the date when you stopped being involved? I think both you and Dr Badger were at the department and then made the transition from the department to NOIE at that time. Is that correct?

Mr Besgrove—I would have to consult records. I do not remember the exact date.

Senator LUNDY—Okay. But it was in late 2000?

Mr Besgrove—Yes, I believe so.

Dr Badger—NOIE was established as an executive agency independent of the department in October 2000.

Senator LUNDY—Right.

Dr Badger—As of that date, I had certainly gone to the agency, because I was its acting CEO. I am pretty sure that Mr Besgrove and the others came at the same time.

Mr Besgrove—I think it was just a little bit later.

Senator LUNDY—Can you provide on notice full details about the costs to the department and/or NOIE in the transition from NOIE?

Dr Badger—You asked that the other night—I think you asked the secretary, actually.

Ms Williams—We have already taken that on notice.

Senator LUNDY—My brief is working, then! Thank you.

Senator Hill—Can we move on to this year's appropriations?

CHAIR—I am sure Senator Lundy is doing that.

Senator LUNDY—I will get there—I have a PBS here somewhere. Is NOIE aware of any other government department preparing to develop or developing IP that has the capacity to be commercialised—either then or now? Is that something you get involved with?

Dr Badger—I am certainly not actively aware of any. If anybody in NOIE is aware of something, it would be indirectly. We do not have a particular function which has us providing advice or getting involved in such activity.

Senator LUNDY—Mr Besgrove, what was your position in the department at the time you were involved in discussions around the web site?

Mr Besgrove—I was head of the ICT industry division.

Senator LUNDY—Who did you report to?

Mr Besgrove—To Dr Badger, until he moved across to NOIE.

Senator LUNDY—Did you then report to someone else for a period of time? How long were you still there before you moved to NOIE?

Mr Besgrove—It was a matter of days.

Senator LUNDY—Who did Dr Badger report to at that time in the department?

Senator Hill—Mr Chairman, I ask you to consider whether this is relevant to the appropriations that are before the committee and to make a ruling.

CHAIR—Senator Lundy, we are pretty short of time. I know it is your time, but—

Senator LUNDY—I know; it is my time.

Senator Hill—It is my time, too—

Senator LUNDY—We will be out of here by 11 o'clock, don't worry.

Senator Hill—And that of the rest of the committee.

Senator LUNDY—So who did you report to at that time, Dr Badger?

Senator Hill—I have asked for a ruling as to whether this is relevant.

Senator LUNDY—Don't be a pedant! I am asking some questions.

Senator Hill—You have to ask questions within the rules.

Senator LUNDY—No, I do not—I can ask any question.

Senator Hill—No, you cannot.

CHAIR—I think, Senator Lundy, we can probably draw a line—

Senator LUNDY—How about I frame it this way—

Senator Hill—If you want an inquiry—

Senator LUNDY—How about I frame it this way—given there was over \$4 million wasted on a project that never came to fruition and that taxpayers paid for—

Senator Hill—I do not have my ruling yet.

CHAIR—I would just ask Senator Lundy whether she can perhaps give us an indication of where this question is leading so we can see whether it is relevant.

Senator LUNDY—I am just trying to ascertain the hierarchy of responsibility at a time when a vast amount of taxpayers' money was expended. This information only became apparent recently and I have the right to ask questions. It is about accountability and the expenditure of taxpayers' money.

Senator Hill—It should have been asked two years ago.

Senator LUNDY—We did not know, because it was covered up, Minister.

Senator Hill—You obviously did not ask the right questions.

Senator LUNDY—Obviously, because it was hidden from view at the time.

Senator Hill—If you want to set up an inquiry into it, set up an inquiry.

Senator LUNDY—I am inquiring now. I am using estimates—

Senator Hill—That is not the purpose of this committee.

Senator LUNDY—You are wasting time.

CHAIR—Senator Lundy, Dr Badger and the other officers indicated that they were not there at the time.

Senator LUNDY—That is all right. All I am asking is: who was Dr Badger's boss?

Senator Hill—What does that have to do with the price of eggs?

Senator LUNDY—It has a lot to do with it. I will look it up in the book, then.

Senator Hill—That is a good idea.

Senator LUNDY—You obviously do not know what is going on and you do not know that I am asking follow-up questions from evidence we heard the other night—

CHAIR—Perhaps if you have questions to ask, you can get on with them.

Senator LUNDY—You must have inherited an instant guilty conscience by having walked into the room. In terms of the guidelines put out by NOIE about web sites, we heard the other night that those guidelines had some impact, at least, on the decision making about the web site. Has NOIE done any work to ascertain the impact of guidelines for online development—security guidelines and so forth—on departments, with regard to costs and costing packs?

Dr Badger—I do not think so. As I said the other night, the guidelines that you are talking about are in fact government-wide guidelines for security and related issues. They are the guidelines that apply to the operations of departments and agencies about security in general. There are specific aspects of them which apply to the operation of web sites. It is up to individual agencies, depending on their circumstances, to make judgments about how they conform with the *Protective Security Manual* and that series of letters which is the security code. Mr Grant will correct me if I am wrong, but we have not done any examination of that issue. There has been no call to. We certainly are unaware of any agency coming to us and saying the government's guidelines on these issues have a problem of this nature.

Senator LUNDY—With respect to the specific guidelines released around that time, was there anything mandatory in what you published?

Dr Badger—No. From our point of view, the guidelines are mandated to the extent that they are government guidelines, to the extent that all agency heads are responsible for conforming with these security guidelines, whether it is the *Protective Security Manual* or whatever. They have the same status as that. They are not NOIE guidelines where NOIE has a mandate to say X, Y and Z.

Senator LUNDY—But NOIE said, ‘This is the standard you have to apply.’

Dr Badger—Because our role is to encourage people’s familiarity and use of an online—

Senator LUNDY—I appreciate that, and it is a worthy role, but I am just trying to—

Dr Badger—No, there is no—

Senator LUNDY—Can you take on notice providing all of those advice documents?

Dr Badger—The guidelines?

Senator LUNDY—The guidelines.

Mr Grant—I have them here, if you like.

Senator LUNDY—You have them in your hand?

Dr Badger—There is a section on the web site.

Senator LUNDY—Problem solved. My understanding is that there was a general policy to get everyone online and meet certain benchmarks—

Dr Badger—We performed a service of putting them into an environment where people could find them accessible et cetera.

Senator LUNDY—But there was no role that NOIE had to ascertain the costs or assess the costs or anything like that? That was up to the departments to deal with.

Mr Grant—The answer to your question is no—we have undertaken no activity to assess the cost. The guidelines, as we stated the other night and as Dr Badger has just stated, effectively brought together a series of guidelines that were already there, particularly in relation to security, and added some other elements to assist in making Web based information more accessible, easier to get and things like that. The documents you are talking about are on the web site. They relate to the online information service obligations and the government online strategy, which was released in April 2000. Other things that could come in include guidelines for Commonwealth information published in electronic formats. They are all on the web site and very easily available.

Senator LUNDY—Thanks for that. While the minister is not here, Dr Badger, can you tell me who your boss was in the department at the time?

Dr Badger—I do not think I could.

CHAIR—I am not sure if the officers are here to answer that. As you said, you can always look it up.

Senator LUNDY—I thought that was a really fair cop.

CHAIR—As you said, you can always look it up.

Senator LUNDY—Is there anything else while the minister is not here? Who was secretary at the time? It was Neville Stevens, wasn't it?

Dr Badger—I was there. Neville Stevens was secretary. I think you can find that out relatively easily.

Senator LUNDY—I know it, because he used to sit there where Ms Williams is sitting, for years and years. Who was his deputy?

Dr Badger—While I was in the department, I was one deputy.

Senator LUNDY—Who were the other deputies?

Dr Badger—Fay Holthuyzen was the other deputy. I do not know whether, at that stage, Rob Palfreyman was the deputy for the arts or whether he had gone by that stage. I cannot remember.

Senator LUNDY—NOIE still manages the ITOL program, I understand?

Dr Badger—It does.

Senator LUNDY—And you have recently announced more ITOL funded programs?

Ms Williams—Indeed.

Senator LUNDY—Can you tell me how much longer ITOL has go in terms of funding?

Mr Besgrove—It has two further financial years to run.

Senator LUNDY—How many projects has it funded to date?

Dr Badger—ITOL has committed \$8 million to 85 collaborative projects in eight funding rounds.

Senator LUNDY—Have you received any complaints about the way ITOL funding is allocated?

Dr Badger—Not that I am aware of.

Senator LUNDY—Could you take that on notice.

Mr Besgrove—I am happy to take that on notice. I am not personally aware of any.

Senator LUNDY—If there has been any response from the department to those complaints, could you please provide me with the correspondence. We heard a range of evidence in a different inquiry—the Joint Public Accounts and Audit Committee inquiry—on the Gatekeeper program. Did I talk about Gatekeeper at the last hearing?

Mr Besgrove—You did raise it the other night.

Senator LUNDY—And we did go through it. Sorry, I just remembered that. I think we also talked about the discussion paper on solving spam.

Mr Besgrove—We did talk about that.

Senator LUNDY—Did we talk about the funding cuts?

Dr Badger—The ceasing of some programs that have been previously funded—yes.

Senator LUNDY—That is all I have for NOIE.

Senator GREIG—Can I ask if the department does any kind of international comparison of the amount of funding the Australian government provides to its resources for research and development in security and privacy. I am thinking of a comparison with what the US or Britain may spend. Is there some kind of international benchmark with which we work or does the government just provide what it feels is necessary? Is there some advocacy from NOIE to the government in terms of the amount of money that ought to be spent in this area?

Mr Besgrove—NOIE is involved in several aspects of security, predominantly to do with questions of critical infrastructure. It also has a specific role in relation to e-security or cybersecurity, as it is known in some circles. Amongst other things, NOIE chairs the e-security coordination group, which is a committee of a number of Commonwealth agencies and related groups that reports to the secretary's committee on national security. NOIE also participates with the Attorney-General's Department in a range of activities, including bilateral discussions with USA each year.

It is also heavily involved in the development of what has come to be known as the trusted information sharing network, which is a series of industry groups that are being established with government sponsorship in order to try to create a much stronger internal warning and alert system between different companies within industries. DCITA is also involved in that. So we have a fairly broad range of interests in relation to security. Within that range of activities, we certainly track developments in overseas countries, including the United States. We have not, to my knowledge, done any benchmarking of funding as such. That would be a difficult exercise to do for more than a handful of countries because of definitional issues. It is certainly not something that we have undertaken on any comprehensive basis.

Senator GREIG—I understand, though, that there was an increase in this year's budget for money dedicated towards research and development in security and privacy—is that right?

Mr Besgrove—I would have to take that on notice. I am not personally aware of that. I am aware that the government, in the context of its national research priorities, has identified various aspects of security as one of the four national research priorities, but that is more appropriately a matter for the Department of Education, Science and Training to comment on. Another of the four research priorities refers to frontier research technologies, and the security aspects of electronic commerce and information and communications technology also figure within that priority. So there has been a renewed emphasis in the priorities exercise.

Senator GREIG—Does NOIE liaise with the Federal Police in terms of dealing with cybercrime issues and Internet fraud and theft?

Mr Besgrove—Yes, it does. The Australian Federal Police is one of the constituent groups that attends the e-security coordination group meetings. That group meets on a monthly or bimonthly basis. The Federal Police, the Defence Signals Directorate, ASIO and a whole range of other agencies are part of that group.

Senator GREIG—Do you liaise also with NetAlert on the advocacy and education work that it does?

Mr Besgrove—NOIE does have some interactions with NetAlert. NetAlert is not part of the ESCG, and I personally have not had dealings with NetAlert, but I know some of my staff have.

Senator GREIG—I am thinking that, in terms of educating the broader community about ways to avoid cybercrime or credit card fraud or whatever online, it seems to me that NetAlert—correct me if I am wrong—is perhaps the only body which is in that area of education advocacy. Or does NOIE have a role to play in community education?

Mr Besgrove—NOIE certainly has a role to play there. The government has provided some additional funding in the previous year's budget specifically in the area of e-security. Some of that funding went to some of the agencies that I have spoken about and also to the Attorney-General's Department. Some of that was also for NOIE, and part of NOIE's role in this is specifically to provide awareness and educational services, with a fairly strong emphasis on SMEs. NOIE has produced documents which are readily available to small companies to raise their awareness of the issues involved in e-security and also to give them some advice about where to go. Our recent report on spam, while not directly related to security, also picks up that idea of trying to give small companies an idea of what sorts of things they can use in terms of practical tools.

Senator GREIG—Do representatives of NOIE attend any international IT conferences, symposiums, expos et cetera?

Mr Besgrove—Specifically in relation to e-security?

Senator GREIG—Or more broadly.

Mr Besgrove—NOIE is engaged in a fairly broad range of international activities. Specifically in relation to e-security, NOIE is a frequent delegate to the OECD working party on information security and privacy, and I am currently the NOIE delegate to that group. We have also been involved, as I indicated, in regular bilateral discussions with the United States. We also take the opportunity to discuss these issues with other countries on an opportunistic basis. The other forum in which NOIE has been heavily involved is the APEC TEL working group on security, in which Australia has played a leading role. I think it is fair to say that we are engaged at a number of different levels on the subject of e-security. NOIE has a very broad range of other international engagements as well.

Senator GREIG—It has been my experience and observation that, whenever issues of privacy in particular are raised in relation to IT, the government always handballs them to the Office of the Federal Privacy Commissioner and argues that that is the government department best placed to investigate and address. Does NOIE have a view either way as to whether that is appropriate or adequate? I understand that the Officer of the Federal Privacy Commissioner has lost funding and has had reduced funding in recent years, and it is now—

CHAIR—Senator Greig, I think you might be asking the officer to comment on government policies.

Senator GREIG—Let me put it another way. If it is the government's position that privacy is best dealt with through the Office of the Federal Privacy Commissioner, does that work well with what NOIE is doing?

Mr Besgrove—NOIE enjoys a very close and supportive working relationship with the Office of the Federal Privacy Commissioner. That office has been quite heavily involved in a range of NOIE's work, including the recent report on spam, where we had several consultations with the Privacy Commissioner. I think the commission also provided some written input into the development of NOIE's spam report. That is but one of a range of examples of instances where we have worked closely with that office.

Senator GREIG—In terms of new and emerging technologies and the issues and challenges that they present, is that an area in which NOIE is on the front foot, so to speak—where you might draw to the attention of the government or the minister something that you feel they ought to be addressing—or is it more in response to a government directive?

Dr Badger—One of our fundamental roles is to provide advice to the government on something called the strategic drivers of the information economy. Part of that role is to have a degree of familiarity with broad directions of technology that would impact on that issue. We do not do detailed studies on particular technologies, but we have a small group within the organisation who have an orientation in their work to try to have a broad understanding of, for example, what the next generation of activity related to the web might become. So it is at that level. It fits within our broad strategic advice role.

Senator GREIG—I have a particular interest in an area which I am still learning about: radio frequency ID, or RFID, which is the insertion of microchips into products so that companies can trace consumers once they have purchased the products. It has extraordinary privacy implications. I am wondering what kind of research and/or advocacy NOIE might have done in that area, on the issue and to the government.

Dr Badger—I am not aware that we have had a particular involvement in that technology or its implications. I will take that on notice and see if any work has been done in the organisation or if we are aware of any reports that might prove useful. Although we are not totally reactive, as the issues become more significant as something that would require policy action by the government, we are more likely to get involved. We would have a general awareness of the technology you are talking about, particularly because it impacts on the role of e-commerce in improving the efficiency of business. From that perspective it would fit within that general concern. But we have not done anything specific on it.

Senator GREIG—When a new technology such as RFID comes on to the scene, do you at some stage seek international comparison or liaison and look at how comparable jurisdictions are responding?

Dr Badger—One of our roles, consistent with our total resource package, is to understand international developments in technologies of relevance. We do have links with a range of other international organisations—for example, the Office of the e-Envoy in the UK. Our CEO attends a range of international conferences where we get to learn from the experience of other organisations that deal with the same issues that we do. It is that type of general activity.

Senator GREIG—Thank you.

Senator LUNDY—I have a question about the Broadband Advisory Group report. What action has been taken to date on the recommendations in that report?

Mr Besgrove—The major actions to date relate to a request from the government that the ACCC investigate the domestic pairing arrangements. As a result of a request from the minister, the ACCC is currently—

Senator LUNDY—Which recommendation is that?

Mr Besgrove—Recommendation 18(c).

Senator LUNDY—Right. Keep going.

Mr Besgrove—The ACCC is currently conducting an inquiry examining whether an Internet interconnection service should be declared under part 11C of the Trade Practices Act 1974. Initiatives for health such as broadband for GPs were also announced in the budget. This will provide a good foundation for a networked health sector, which is relevant to recommendation 12. The minister has also issued a determination to the ACCC under division 12A of the Trade Practices Act requiring it to provide reports for public release on pricing and availability of broadband services. The determination applies to carriers and carriage service providers and is aimed at promoting a more informed and transparent broadband market. That relates to recommendation 18, which is about enhanced monitoring and reporting arrangements for the ACCC.

Senator LUNDY—So it is not part A or B of recommendation 18 in specific terms?

Mr Besgrove—It is part 18B, I beg your pardon. They are the recommendations on which action has been taken to date.

Senator LUNDY—So with regard to 18, both request the ACCC to do some work to report on those issues?

Mr Besgrove—Yes.

Senator LUNDY—With health, is that a funded initiative?

Mr Besgrove—I believe it was announced as part of the budget.

Dr Badger—The broadband for GPs initiative was announced in the budget.

Mr Besgrove—Yes, it was.

Senator LUNDY—And it was a funded initiative?

Mr Besgrove—It was part of the A Fairer Medicare package. I am just finding it.

Senator LUNDY—It is okay, I do not expect you to know the whole budget, but I thought you would have known the number of the one funded initiative arising out of this whole report.

Dr Badger—The minister said the other day during discussions that the government is looking at the recommendations with the BAG group, along with a number of other reports that they have. They will be responding—I forget the words he used, but he commented on—

Senator LUNDY—I suspect the words he used were ‘in due course’. The minister certainly gave an expectation that there would be a government response to this. There have been responses to those elements that you have described, Mr Besgrove, to date. With regard to the rest of the recommendations, how soon is the minister planning on making a broad response to it?

Dr Badger—Unfortunately the minister is not here—

Senator LUNDY—I know.

Dr Badger—and that is a question for him.

Senator Hill—I am representing him.

Senator LUNDY—Do you know?

Senator Hill—What is the question?

Senator LUNDY—When is the minister going to respond to the Broadband Advisory Group's report to government?

Senator Hill—I am not sure, but I will refer it to him.

Senator LUNDY—Thanks. Well said, Minister.

Senator Hill—That is what I am here for.

Senator LUNDY—What are the bodies that have come out of this report—new advisory groups, new collections of industry representatives?

Dr Badger—There is a series of recommendations in the report which, as we have discussed, the minister will be responding to. They suggest the establishment of a series of implementation groups and advisory groups. Part of the ongoing work related to this area is discussions with people who may have an interest in the establishment of those groups. There are recommendations for national strategies. There are discussions going on with the state governments, for example, about what their involvement might be. The general thrust is a more detailed examination of the directions implied by the report in terms of advisory structures and implementation groups.

Senator LUNDY—Australia is not faring particularly well in a global comparison of broadband take-up. Apart from the Broadband Advisory Group report, to which we are still in large part waiting for a response, what is NOIE doing to improve the broadband take-up in Australia?

Dr Badger—Most of the work that would be expected or in action from NOIE on this would be to promote an understanding of the benefits of broadband take-up. We have published work which provides advice for small business, for example, on the benefits of broadband take-up. We have engaged consultants to do work on economic returns from broadband investment. Our role is, essentially, about demonstrating to various parts of the community—the community as a whole or particularly groups—the returns of accelerated broadband take-up. As you know, the issue of Australia's broadband take-up is, of course, quite complex. There have been a lot of suggestions that the take-up has been extremely slow.

Senator LUNDY—There has been a lot of evidence that the take-up has been extremely slow.

Dr Badger—No, there have been a lot of suggestions of that. There has been a lot of evidence, for example, over the last couple of weeks of quite an acceleration in the take-up of broadband, which is probably what one would expect as people get more familiar with the technology and the benefits of it.

Senator LUNDY—Can NOIE take on notice, or tell me now, how much out of your budget you expend on promoting broadband in Australia.

Dr Badger—I cannot give you a number now. And I assume by ‘promoting broadband’ you mean the general descriptions that I have given—providing information about it, supporting small business and that sort of thing—and not campaigns or anything like that, because that is not what we do.

Senator LUNDY—Anything you spend on promoting.

Dr Badger—It is about promoting the understanding of broadband.

Senator LUNDY—I am interested in the level of public investment in that campaign.

Dr Badger—I will take that on notice.

Senator LUNDY—Take a pretty broad figure and break it down into its detailed categories of program funding or expenditure on publications, salaries and that sort of thing.

Dr Badger—One of the things about broadband activity—and it is true for a lot of the activities of NOIE—is that components of the activity are spread across the entire organisation—for example, the work in e-government strategies or benefits from take-up of electronic services by consumers of government services impact on the understanding of the benefits of broadband as well.

Senator LUNDY—I suggest to you that that is too long a bow. While you are at it, could you also provide me with details about your total financial commitment—your expenditure on security related programs and initiatives. Also, I would like a full breakdown of the travel budget within NOIE, including all overseas and domestic travel and with whom it is associated?

Dr Badger—Okay.

[8.20 p.m.]

Department of Communications, Information Technology and the Arts

CHAIR—Would the departmental officers involved in output 3.3 please come to the table.

Senator LUNDY—I have a general question about the changes in output description between last year and this year. There are changes in structure to the outcomes and outputs. Could you provide me with an explanation as to why you made those changes?

Ms Williams—This relates to the entire output 3?

Senator LUNDY—Yes—sorry, it is the change between outcome 2 last year and outcome 3 this year. Last year there was a direct reference to information and communication technologies in the outcome. This year in outcome 3, because they have been moved across, there is no specific reference to the ICT industry; rather, it is within an output.

Ms Williams—I will pass that on, but basically the communications sector covers broadcasting, telecommunications and ICT. The move was to bring those three together to deal with them together. It was not any slight to ICT itself, I can assure you.

Ms Holthuyzen—That is right. I think outcome 3 now talks about communications, which covers all broadcasting, telecommunications and ICT, and then there is an output for each of

those, whereas before I think they were done at the outcome level rather than at the output level.

Ms Williams—It was really just considered a better way to organise the three annuals. As you will see, the specifics come in the outputs.

Senator LUNDY—Thank you. This falls a bit into the category of the Broadband Advisory Group report, but can you tell me what recommendations arising out of Framework for the Future report the government has acted on to date?

Dr Hart—The framework was entered into as a joint exercise between the government, industry, the R&D community, the universities and so forth. Implementation of the framework is being progressed by all of the parties. The first few recommendations go to different roles for each of those groups. Planning is under way for a meeting of the Online Council, which will take forward a number of the recommendations that specifically relate to what the government can do to advance the agenda. There is planning under way in the R&D sector for an outlook forum which will be hosted by NICTA.

Senator LUNDY—What funding has been allocated to that?

Dr Hart—There are no funding initiatives. The framework is very much about getting a joint understanding of the nature of the industry; it was not about spending programs as such.

Senator LUNDY—Is that what the industry believed it to be about?

Dr Hart—There is always a problem, isn't there, with managing expectations? But if you go back to the press release, it is fairly clear about what the government intended from the framework process and it clearly sets out that it was about getting a shared understanding and taking a longer term view of challenges facing the Australian industry in a global environment.

Senator LUNDY—So right from the start, the government never expected to fund any programs arising out of the recommendations.

Ms Williams—You can always have a strategic framework that leads on to other things, but the whole idea for this was to develop the overall strategic framework.

Senator LUNDY—I would like an answer to that question, because clearly there was a mismatch between expectations—at least in some sectors of the industry—and what the department had in mind. I am just trying to get to the nub of that.

Ms Williams—I am sorry, I read your question as saying: are there any programs at the end of the process? This is a developing process, a continuing process, which Dr Hart started to describe.

Senator LUNDY—I just wanted to clarify that the government embarked on this Framework for the Future Committee and report without any intention of funding specific programs arising from the recommendations.

Dr Hart—It is worth going back to the terms of reference of the exercise which talk about: making an assessment of the current state of the ICT sector in Australia; forecasting the major drivers of global technological change and the underpinning success factors that will impact on the sector over the next decade; identifying priority subsectors, where Australia's ICT

sector can achieve and enhance world leadership; identifying the contributions that can be made by government, industry and the research community; and making recommendations to government and industry on strategic actions and then actions to enable the sector to take maximum advantage of future opportunities.

Senator LUNDY—The last one certainly gives an impression that there is action. If they never intended to fund anything then they never intended to fund anything. The MultiPLIERS announcement made by the minister—is that linked to F3?

Dr Hart—Yes, it is. It was an initiative which was flagged in the report and is one of the areas where industry is taking the agenda forward.

Senator LUNDY—With respect to MultiPLIERS, my recollection from the report was that it did not specifically talk about that model. Is that correct?

Dr Hart—It talks about possible roles for multinationals in enhancing Australia's image and branding and contributing to development of the sector.

Senator LUNDY—What cost to the government is there, if any, of participating in the MultiPLIERS project?

Dr Hart—It is an initiative that is being developed in close consultation with Invest Australia, so there will be a government contribution through Invest Australia. But it is very much a response by the multinational community to recommendation 24 of the report, which calls on multinationals to expand and develop their role in investment attraction.

Senator LUNDY—Who is going to be hosting the outlook forum?

Dr Hart—NICTA.

Senator LUNDY—At NICTA's expense?

Dr Hart—In close consultation with CSIRO and DSTO.

Senator LUNDY—At their expense?

Dr Hart—Yes.

Senator LUNDY—When will that be?

Dr Hart—Early September.

Senator LUNDY—Will it be a conference or a seminar? What is the format?

Dr Hart—I think that the structure is still developing but basically it will be a one-day program.

Senator LUNDY—Are you involved in the organisation of that? For example, are you providing secretariat support?

Dr Hart—No.

Senator LUNDY—You are not involved in any way?

Dr Hart—We have been talking to NICTA about how it might work and we are obviously taking a close interest in it precisely because it is so linked to one of the areas that the report covers.

Senator LUNDY—You mentioned the Online Council meeting where the federal minister gets to meet with the state ministers. How many recommendations in the Framework for the Future referred directly to the Online Council?

Dr Hart—I have not totalled them up. I could not say off the top of my head, but they were ones that go to areas where there is obviously some scope for federal-state collaboration and cooperation. Areas that come to mind include improved data collection, improved investment attraction and possibly coordination of clustering. I have missed the obvious one of a joint role in leadership.

Senator LUNDY—The minister might learn something!

Ms Williams—I think this is a developing agenda. Things that come up that obviously bring the Commonwealth and the states together could be advanced through that process.

Senator LUNDY—I have no doubt about that—in fact the more time the minister could spend with his state counterparts the better off we would all be. In those areas—data collection, investment and clustering—what policy guidance, publications or leadership is the department showing on each of those issues?

Dr Hart—It is early days, the report has only been out for a short while. We have just begun the process of consulting with the states about how those could be developed and taken forward.

Senator LUNDY—Clustering is something that the federal government has subscribed to. We know that from NICTA, and it is a very sound approach. I guess I am surprised that the department's ideas are not more developed at this stage about what the states could do to work with you.

Dr Hart—That is probably not a very good example. I am not sure that the report goes into that particular area in any detail.

Senator LUNDY—I am getting the feeling that it is still very formative anyway and there has not been that much work done.

Dr Hart—It is just an area, I suppose, where the states have more of a role than the federal government insofar as clusters do tend to be in areas in the states.

Senator LUNDY—Are there other recommendations that there is activity occurring as a result of?

Dr Hart—Industry associations are looking at how they can take the framework forward. There is a recommendation—I think it is recommendation No. 2—which calls for a forum of industry leaders to look at practical ways in which the industry can take the recommendations forward. Industry associations are beginning to talk about when and how that forum might take place and what form it might take.

Senator LUNDY—I find it absolutely amazing that, arising out of the Framework for the Future, a forum of industry associations are beginning to get together to talk about how to go forward.

Dr Hart—How to take the recommendations forward.

Senator LUNDY—They meet reasonably regularly. They talk about issues all the time. They have been producing reports, both separately and in combined ways, for many years now. As far as I understand it, their biggest problem is that the government is not responding to their activities.

Dr Hart—Perhaps I misrepresented it. It is a forum of industry leaders which would be organised by industry associations.

Ms Williams—As you know, this is a remarkably diverse industry. I think that part of this strategy is actually to pull it together: to bring different groups together to see where we can go and how we can advance the agenda across the board.

Senator LUNDY—Forgive me for making the observation, but they have been doing and saying a lot for many years now. I think they still collectively share the view that not enough is happening.

Ms Williams—It now has support in trying to get it to happen.

Dr Hart—The idea was to have the framework as a shared frame of reference which could then become a focal point for action.

Senator LUNDY—For talking to each other.

Ms Williams—That does help.

Senator LUNDY—How much did the whole thing cost? I think you have told me before, but you had better tell me again, so we know how much taxpayers are paying to get everyone talking together.

Dr Hart—It is just over \$900,000.

Senator LUNDY—Nearly \$1 million. Are any other recommendations being acted upon? We have forums and councils.

Mr Sutton—The 31 recommendations are quite a diverse set. Some of them lend themselves to short-term high priority actions, and Dr Hart has mentioned the key ones, such as the Online Council and the creation of the MultiPLIERS initiative. Some of the recommendations are very much long-term and strategic and they are not intended as such for short-term actions. There are others that are in the category relating to research and development. There will be action—perhaps not a lot of external action—in the government's consideration of the initiatives to follow on from Backing Australia's Ability. The Prime Minister announced last year that work was going to commence later this year on those initiatives. Certainly, a number of those recommendations in F3 are very relevant to that work that is going to be undertaken by the government.

Senator LUNDY—They are pursuing Backing Australia's Ability—existing policies.

Mr Sutton—That is right. Those recommendations will inform the policy development processes that occur within the government in relation to the follow-up to Backing Australia's Ability.

Senator LUNDY—We will have to wait a while and see whether that results in any tangible outcome.

Mr Sutton—Indeed.

Senator LUNDY—My favourite recommendation is the one that says that you should implement all the recommendations of the Broadband Advisory Group report, of which we are getting approximately one and a half, based on our conversation with NOIE previously. How long was the final drafting process within the department before Framework for the Future was released?

Dr Pelling—I am currently in the broadcasting division but I was doing Framework for the Future until it was finished. The drafting process was done in lots of bits and pieces over a period of time. It is very difficult to put a clear figure to it. There was not a defined period where somebody sat in front of a keyboard and started writing. It was much more iterative than that. Bits were put together and changed and chopped around and so on. It was a fairly typical drafting process for a report at this time.

Senator LUNDY—How long before it was released was the paper circulated to members of the Framework for the Future Committee?

Dr Pelling—It was a few weeks. I cannot remember the precise time right now. It was circulated to members and many of them sent comments which were then incorporated. More iterative drafting went on after that before it was completed.

Senator LUNDY—Is it a fair reflection on the process that there was a lot of concern about the first draft of the report from members of the Framework for the Future Committee?

Dr Pelling—Members made a range of comments. Some of the comments were on specific things; some of them were of a more general nature about themes in the report and that sort of thing. Throughout the year that this process was going on, members have expressed a range of different views in meetings and so on.

Senator LUNDY—How long was the report in the minister's office between having been signed off by the Framework for the Future committee and being released?

Dr Hart—Again, I think it comes down to which version of the report you are talking about.

Senator LUNDY—How many were there?

Dr Hart—As Simon said, it was—

Senator LUNDY—This is the final stage. There had to have been a point where there was a final document that needed to be ticked off by the committee before it was published.

Dr Hart—Not really. It was a highly iterative process and it was under discussion almost until it went to print, which is not unusual for the way that reports are produced.

Ms Williams—Have we in the past—I have forgotten, I am sorry—taken you through the way the working group is building up to this report? A lot of work was done in the background; it was not just drafting the report itself. Major work was done to actually prepare for it.

Senator LUNDY—I appreciate that there are a lot of other reports that sit within it.

Ms Williams—Yes.

Senator LUNDY—I am aware of that. One of the greater disappointments expressed, particularly by local industry, was the small business barriers to government purchasing contracts, and I understand that work is continuing. Is that correct?

Dr Hart—Yes, it is.

Senator LUNDY—Why were none of those issues included in the Framework for the Future? I specifically recall the minister saying at the time of the announcement of the Framework for the Future that the barriers to small businesses group that arose out of the Humphry review would be rolled into the Framework for the Future process. That is my distinct memory. I do not have a transcript, but I certainly had an expectation that the work of that group would meld with the work of the Framework for the Future group and be reported on. That clearly did not happen. Can you explain this to me, or did the minister just shoot his mouth off and say something incorrect in the early stages? Why was it kept separate and why is it still kept separate?

Dr Hart—I recall discussing this a couple of estimates hearings ago and saying that the two processes were proceeding in tandem. I think there are references in the report to the work that was going on at the time. It simply was that the working group had started before the framework exercise, I think, and was proceeding.

Senator LUNDY—But the SME working group has not concluded yet, has it?

Dr Hart—It has produced quite a few things.

Senator LUNDY—Have any of them been made public?

Dr Hart—Mr Allnutt can probably take you through some of the things that have come out of the group.

Mr Allnutt—The working group has met a number of times—

Senator LUNDY—I know that.

Mr Allnutt—since its establishment, and it has undertaken a number of activities. A range of seminars have been held with industry and government representatives, and they are an ongoing series of seminars. The working group is currently preparing a selling guide for SMEs to assist them in selling to government. It will be a guide to give information about the formal requirements in tendering but it will also have practical tips and hints on how one should approach selling to government.

Senator LUNDY—Is that document available?

Mr Allnutt—The guide is currently being developed and we expect to have it completed in July.

Senator LUNDY—Do you know whether it will be made a regulation?

Mr Allnutt—No, it would not be a regulatory document; it would be an information document to assist SMEs.

Senator LUNDY—What about assisting purchasers in government, the people who make those decisions? Are you developing a guideline for them?

Mr Allnutt—Yes, a guide is also being prepared in parallel.

Senator LUNDY—That was where my question about making it some sort of regulation referred.

Mr Allnutt—I see. No, it would not be a regulatory document but it would be a supplement to the Commonwealth procurement guidelines, which would assist Commonwealth purchasing officers.

Senator LUNDY—When will that be available?

Mr Allnutt—That is being developed by the Department of Finance and Administration, and they plan to have the work done by mid to late this year.

Senator LUNDY—This is one of the significant challenges of the SME working group, I presume—because it is one of the significant challenges that I have in trying to get an understanding of just who is purchasing what and where within the department. I know that DCITA are certainly aware of my questions. I have been asking every department about the nature of the ICT contractors that they are currently engaging in work. Over time I have been getting responses to those questions—and, Minister, I ask you to take note of this, because your department, while it has been somewhat forthcoming, as far as I am concerned made an inadequate response to the questions. I have got a response from everyone except Attorney-General's, ABS, DOTARS, AFFA, AEC, ComSuper, Joint House Department and the CSS and PSS board. Departments that have not responded adequately to my series of questions include DOFA, Defence, CSIRO, Telstra and Australia Post. The latter two have claimed an exemption. Everyone else I have got something from, which is good.

The questions I asked sought to disaggregate services, software and hardware. I asked for contracts above \$20,000, which was far above the Murray motion requirements that call for departments to put all contracts on their web site at certain times. I have extracted, just from the data I have received, some quite extraordinary figures. We are talking in the vicinity of some \$1.7 billion in totalling up those figures. My question for you is: what have you done to assess where the spend is across agencies and departments for the purposes of determining the extent to which local industry does or does not participate in ICT purchasing? That question has been among my set of questions—I have asked for the domicile of the company that has been the successful contractor. We are still compiling that information because some of the departments have not been particularly forthcoming. Without this basic benchmark data, certainly the SME working group is unable to make any determination of what the current percentage is and what target could therefore be established. But I would have thought it would have been up to DCITA to actually do a lot of this work. Can you tell me what you have done?

Dr Hart—We can give you quite a bit of information on outcomes from the five contracts.

Senator LUNDY—No, I am not talking about the five contracts. This is an overall purchasing assessment of agencies and departments, and it extends far beyond the five IT outsourcing program contracts. I will come to those shortly.

Mr Allnutt—NOIE, through the IMSC, does the monitoring of the next generation of outsourcing by government departments. DCITA has responsibility for administering the government's ID purchasing rules in association with forthcoming ICT procurement. The department is also in contact with other departments in relation to their purchases.

Senator LUNDY—So you do not do any of that assessment? You do not do any of the analysis of who is purchasing what and from whom and where, and how much is Australian and what it is worth—the percentages across the board? You do not do any of that?

Ms Williams—We do industry development; we work very hard at industry development.

Senator LUNDY—I appreciate that, but this is more of a measurement.

Ms Williams—As Mr Allnutt says, DOFA has responsibility for procurement policy. NOIE, in its way, does a lot of looking across the board—

Senator LUNDY—Sorry, how did you describe NOIE's role?

Ms Williams—I actually did not do it very well. I think Mr Allnutt did it better. What I was trying to get to is the fact that our real responsibility is on the industry development side. We could run through what we are doing on that with you.

Senator LUNDY—I would like you to do that. Mr Allnutt, can you step me through what you said? You think it is NOIE's responsibility to do this kind of benchmarking?

Mr Allnutt—No, I did not say that.

Dr Hart—What we can perhaps say about NOIE is that it is taking an interest through its involvement in the IMSC and the Chief Information Officer Committee in looking at and understanding new models and second generation sourcing generally and in looking at shared experiences across agencies. But it does not have a hands-on role in relation to government procurement in the same way that the department of finance does.

Ms Williams—It does not do the overall calculation in that way. Finance is really responsible for procurement.

Senator LUNDY—That is the point, though—I do not think anyone does. Hence, I asked Mr Allnutt whether in fact you do, because you are probably the closest on the ground to enforce the percentages of industry development within those five IT outsourcing program contracts or, indeed, under the new industry development framework. That is why I reckoned that, if it were going to be anyone, it would have been you, and you are not doing it. I also understand about the CIOC and that structure emerging. But my understanding is also that there is no mechanism within that group to do this type of benchmarking and certainly no way to feed that back into the SME barriers working group.

Mr Allnutt—The department do in fact monitor the ID that is achieved by other government departments in their purchasing for contracts over \$20 million. We enforce that because they are subject to the new rules.

Senator LUNDY—Before we go to the industry development under the five IT outsourcing contracts, I want to go to the new framework. I refer to one of my favourite Audit Office reports—they have produced many fine documents over the years—*Monitoring of industry development commitments under the IT outsourcing initiative*. It references the new framework. On page 41, it states:

DCITA advised ANAO in November 2002 that 'while responsibility for ensuring compliance with the new arrangements rests with agencies under the FMA Act, DCITA intends, through consultation with agencies, to be appraised of outcomes of the new arrangements as part of the process of keeping under review the effectiveness of the policy'. DCITA further advised ANAO in December 2002 that:

while the specific details of the information have not yet been decided it is expected that the type of information DCITA will seek from agencies in relation to contracts of \$20 million or more, as notified in the Commonwealth gazette, will include the following:

- category of the goods/services to be supplied (ie hardware, software etc);
- the expected value of each contract;
- the actual expenditure undertaken under each category of the contract; and
- the level of expenditure under each category for each contract that is related to SMEs.

Have you done that?

Dr Hart—That was a recommendation in the report that we agreed with, and we are currently putting processes in place to collect all of that information.

Senator LUNDY—It was nearly six months ago. Are you telling me that you have not collected any information yet?

Dr Hart—It is early days in terms of second generation contracts.

Senator LUNDY—This does not relate to second generation contracts specifically; it relates to any that were in place outside of the five IT outsourcing contracts. Are you saying there just are not many \$20 million contracts being let?

Dr Hart—Yes.

Senator LUNDY—How many have been let?

Dr Hart—None that I am aware of.

Ms Williams—Several are under way.

Senator LUNDY—Is there a gap then between when this new framework came into place and when the last of the IT outsourcing programs was corralled? Is there a group of contracts in there somewhere that sits outside of the five outsourcing contracts and before this framework came in?

Dr Hart—There is still a monitoring of processes in place in relation to the five major contracts.

Senator LUNDY—I am trying to corral them for the moment.

Dr Hart—There are new arrangements that flow from the changed industry development arrangements. There is not a gap.

Senator LUNDY—I seem to recall that a significant Centrelink contract was signed during that period, but I stand to be corrected.

Ms Williams—I may be wrong but I think that Centrelink was so large that it went on its own; it was not, if you like, a cluster.

Senator LUNDY—No; I know it was not part of the IT outsourcing.

Ms Williams—When the clusters were originally brought in—when OASITO still existed—there were certain clusters, but Centrelink was so big that it was almost a cluster on its own.

Senator LUNDY—I know that they were not part of the clusters. I am just trying to ascertain the timing, and whether anything under the Centrelink contracts that have been let in their recent history has any industry development obligations that DCITA have to enforce. I think it was before November 2002, so the new system would not apply. Correct me if I am wrong, but I think I am making accurate observations. There were contracts signed before November 2001 that effectively have no industry development obligations within them, so you have nothing to enforce; is that correct?

Ms Williams—I do not think that is true. We will come back to you on that, but I do not think that is correct.

Senator LUNDY—As I said, I stand to be corrected, but that is my recollection.

Ms Williams—As you know, when the Humphry report was produced and IT outsourcing was devolved to agencies, this portfolio—or this department—was given a particular role in ID. I do not think that was limited; I think it went across government agencies. But I can be corrected by my colleagues here.

Senator LUNDY—Did the Humphry review come out early in 2000?

Ms Williams—I think it was 2001.

Mr Allnutt—I think the question is: in relation to new contracts of over \$20 million are we ensuring that there is an ID component that complies with the new regulations?

Senator LUNDY—Yes.

Mr Allnutt—We do not monitor compliance, because we are not responsible for enforcing that; it is the responsibility of the individual agencies under the CPGs. What we are doing is putting in place mechanisms to measure the outcome of each of those contracts as they are signed. We have also informed the agencies of their obligations and these have been promulgated through the Commonwealth Procurement Guidelines. So the process is in place to ensure that each agency is aware of its obligations. We are putting in place processes to measure the outcomes in each case, and in some cases—

Senator LUNDY—So you measure it at the point of the signing of the agreement—you do not do any follow-up?

Mr Allnutt—No. We intended to follow up with the agencies each 12 months to see what the outcome was.

Senator LUNDY—Isn't that a form of compliance?

Mr Allnutt—No; it is monitoring the outcomes. We are not responsible for enforcement.

Senator LUNDY—Have you had any work to do yet? What we are dealing with is the period post Humphry to now.

Mr Allnutt—We are really dealing with the period post June 2002, because that is when the new arrangements came in.

Senator LUNDY—Between the point at which the Humphry review was accepted and purchasing was devolved to agencies and departments, and June 2002, where there any IT contracts let?

Mr Allnutt—There were the five major contracts. Sorry, I am wrong there. I do not know.

Senator LUNDY—I am still not talking about the IT outsourcing. Can you take on notice to provide details of IT contracts let between those dates—to avoid confusion we had better say of \$20,000 and upwards. I would like to know their value, who the vendor is, which department they are in and what they cover—software and hardware services, systems administration, telecommunications or whatever. Can you confirm that you are not engaged in any monitoring of any industry development outcomes for any contracts that may or may not have been let during that time?

Mr Allnutt—Which period do you have in mind?

Senator LUNDY—Post Humphry until June 2002.

Dr Hart—We will have to take that on notice to look at whether there are any that fall into that situation.

Senator LUNDY—I figured that if you are monitoring them you would know.

Dr Hart—We have clear responsibilities in relation to the five major contracts.

Senator LUNDY—Yes, I know that. I will come to those in a second. There are all sorts of issues with those as I am sure you are aware.

Dr Hart—And clearer responsibilities in relation to the changed arrangements.

Senator LUNDY—That is right.

Dr Hart—We are saying that we are not sure at this point whether there is a category in the middle.

Senator LUNDY—I am very curious about that period of time.

Ms Williams—As I think you realise, our problem is that we are not sure whether you are using the term ‘IT outsourcing’ to cover just the cluster or to cover all outsourcing in that time.

Senator LUNDY—No. I think I have made that clear.

Ms Williams—If it is all outsourcing in that time—

Senator LUNDY—All ICT outsourcing.

Ms Williams—Yes.

Senator LUNDY—From June 2002, have there been any ICT contracts let of \$20 million or more?

Mr Allnutt—Yes. I am aware of one that was let by the department of immigration.

Senator LUNDY—And that was a post cluster contract.

Mr Allnutt—Yes. It was basically a rolling over, but not all the elements of the cluster were in that.

Senator LUNDY—But it still comes under the new arrangements.

Mr Allnutt—Yes, it does.

Senator LUNDY—What was that one worth?

Dr Hart—I do not know the amount of the rollover to CSC but the part of it which went to Volante was worth \$9.4 million.

Senator LUNDY—But it was obviously over \$20 million.

Mr Allnutt—Yes.

Senator LUNDY—The original cluster was \$160 million. Obviously it would be less than that because it is just DIMIA. If you could take on notice—

Dr Hart—It is worth noting, though, that it was not just a rollover. It did create a significant opportunity for a local business.

Senator LUNDY—Can I ask about that one? Under the new system, you have one contract that you now have your new monitoring role for. What does that mean? What information do you get—what information do you have to seek and what have you done with it to date?

Mr Allnutt—The information that we intend to collect is about the total size of the contract, the level or the percentage of the contract that is for SMEs, and—

Senator LUNDY—There is a hardware and software provision in there, isn't there?

Mr Allnutt—That is right, yes—the percentage that is allocated to software and the percentage for hardware.

Senator LUNDY—My understanding is that the percentage of hardware is 10 per cent and that that is the same percentage in terms of Australianess for the whole of the general purchasing requirements.

Mr Allnutt—The rules are, for contracts over \$20 million—

Senator LUNDY—Right across the board.

Mr Allnutt—that for the hardware component there must be 10 per cent SME involvement and for the software and services component there should be 20 per cent SME involvement, with the weighted average of those where there is a combination of the two.

Senator LUNDY—My understanding of general government purchasing policy is that there is a general rule for 10 per cent SME involvement anyway.

Mr Allnutt—Yes, that is right.

Senator LUNDY—The hardware provision is what everyone has to do anyway, so it is nothing special. The only thing that is special and different is that software and services is an additional 10 per cent.

Mr Allnutt—Yes.

Senator LUNDY—And that is it?

Mr Allnutt—Yes.

Senator LUNDY—You cannot enforce it; you just have to monitor it.

Mr Allnutt—No. The responsibility rests with the individual agencies—

Senator LUNDY—To enforce it?

Mr Allnutt—to conform with the CPGs.

Senator LUNDY—How do you report on your monitoring efforts?

Mr Allnutt—We have not yet—

Senator LUNDY—I know that.

Mr Allnutt—We have not actually prepared a report.

Senator LUNDY—Are you still working it out or do you have a methodology in mind?

Mr Allnutt—We envisage that, on an annual basis, we would provide that information.

Senator LUNDY—Would you publish a report?

Mr Allnutt—Yes.

Senator LUNDY—Would you put it on the web site without a link to it or would you send it out? I am sorry; I am being sarcastic.

Mr Allnutt—Our intention would be to place it on the web site.

Senator LUNDY—And you would publicise it? Would I know about it? Can you make sure I know about it?

Dr Hart—Certainly.

Mr Allnutt—We can certainly inform you, yes.

Senator LUNDY—Thank you. When is it due?

Mr Allnutt—If we do it on an annual basis, we would plan to make it each year! We are coming to the end of the first year of the arrangements, so we would imagine that we would do it very soon.

Senator LUNDY—Is your plan at this stage to report annually for each contract—I know there is only one at the moment—as it falls due? If there were six contracts over \$20 million would you provide six reports at different times or will you consolidate them?

Mr Allnutt—I think we would do it once a year.

Senator LUNDY—So you will pick a date and whoever falls in the time frame will go in.

Mr Allnutt—That is right.

Dr Hart—We would use the same model that we have used to date.

Senator LUNDY—That does not inspire my confidence, but I need to move on. As far as the new framework goes, what link is there with DCITA's ability to report and, for example, the minister's role in making sure, if it is an adverse report—that is, you reflect poorly on progress to date perhaps—that something happens. I know that you cannot force compliance. The minister is not here and he might be the person who needs to answer this question, but you could take it on notice. If, in the scenario that DCITA reflects poorly on the progress to date of the industry development commitments, that report is made public, because it is up to the individual agency to make sure that that is complied with, what is the mechanism by which the content of that report finds its way to that agency? Is that done at a ministerial level? All I can see is a report out in the ether and no mechanism to make the department accountable. They might just say, 'Stiff bickies. We're not going to enforce this.'

Ms Williams—I think it would be obvious that we would do this consultation with a particular agency and they would be very well aware of the conclusions we were coming to.

Senator LUNDY—So it would be reasonable to assume that if you were forced, after those friendly consultations, to reflect poorly, then they are making a pretty conscious choice not to comply? You do not have to answer that. I think I have made my point.

Ms Williams—Senator, if you are looking to the future, it is perhaps worth looking to what the ANAO report did find on our monitoring of the five contracts, which was that the outsourcing initiative had been effectively monitored by DCITA and that DCITA had effectively negotiated variations to ID plans without diminishing overall ID commitments. The ANAO report was generally very positive about monitoring of the regime within the scope of the responsibilities we had, which were not all that extensive.

Senator LUNDY—We will turn briefly to the industry development outcomes of the five IT outsourcing contracts. Are there going to be delays with the next progress report in the same way that we have seen delays in the publication of every one to date?

Mr Allnutt—We would certainly plan to prepare the report as quickly as possible. We rely on the industry to provide us with the information. The last information from industry is due normally, I think, in September each year. Following the receipt of that, we then prepare the report. Sometimes those reports from industry are delayed, so we cannot finalise the report until we have received them. We would certainly encourage the companies to put the reports in on time.

Senator LUNDY—Was the last progress report subject to the scrutiny of the Audit Office as part of this Audit Office report?

Mr Allnutt—No. The Auditor-General's report—

Dr Hart—It was April 2003.

Senator LUNDY—And when was the last? My understanding of it is that the latest progress report on industry development—which was not nearly as reassuring as what the Audit Office states—would not have been considered in the Audit Officer consideration. They were actually looking at the previous one or two industry development progress reports. Can you confirm that?

Dr Hart—I am not aware of any decline in outcomes from the outsourcing. The story remains a very good one—

Senator LUNDY—What, that IBM are not adhering to their commitments, that you are having to renegotiate the commitments and change them, just so they fit? I do not think that is a very good reflection at all.

Dr Hart—It has to be put into perspective with the whole of the outcomes that are being delivered by the initiative.

Senator LUNDY—That they hold all the cards and you have just got to go along with what they want?

Dr Hart—Let us just look at what the outsourcing initiative set out to achieve in terms of outcomes. The contracts were worth something like \$1.2 billion. At June 2002, just halfway

through the contract, the contractors together had already achieved \$730 million of Australian value added activities, against a total commitment, over the full five years, of \$845 million.

Senator LUNDY—The findings I look at are the businesses that go broke because the industry development commitments fall over and the multinationals do not deliver. The statistics paint a very big picture, but it is also necessary to look at the impact on the businesses that are supposed to have been assisted here. Perhaps Mr Allnutt can tell me what has been the outcome of the negotiations between IBM and the three, maybe two, surviving businesses currently engaged in negotiations with them. Are you in a position to tell me?

Mr Allnutt—Yes. There are three firms in relation to IBM's contract. The first firm is Wizard; IBM is still in negotiation with Wizard on that contract.

Senator LUNDY—How long is that now? It is well over 12 months, isn't it?

Mr Allnutt—A breach notice was issued to IBM in relation to that in October last year.

Senator LUNDY—So that is not quite 12 months, but it is well over six.

Mr Allnutt—The second company is Approved Systems. That company went into receivership and an alternative industry development commitment is being agreed at this moment with IBM to replace that commitment.

Senator LUNDY—What is the replacement commitment?

Mr Allnutt—It will be to expand IBM's commitment to its Asia-Pacific IT services export centre.

Senator LUNDY—So they are not replacing it with support for another SME?

Mr Allnutt—The export centre itself does help SMEs, so it should help SMEs through that mechanism. The third firm was Synergy Plus. An alternative plan is being negotiated between IBM and that firm. There has been agreement with the management of Synergy Plus, but the management has subsequently changed so it is being confirmed with the new management of the company.

Senator LUNDY—Currently?

Mr Allnutt—Yes.

Senator LUNDY—What does that involve? Is that a reduced commitment, is it a different commitment? I cannot recall what the commitment actually was.

Mr Allnutt—The details of the commitment are still being debated between IBM and Synergy Plus. We have not been informed yet of the alternative, because it is a matter for both companies to decide.

Senator LUNDY—What was the commitment that IBM failed to deliver on?

Mr Allnutt—The commitment was to provide assistance to the company to increase its annual revenues by \$2.5 million a year over four years.

Senator LUNDY—Would you take it on notice to provide me with what the alternative commitment is, once negotiations are finalised.

Mr Allnutt—That may be some time.

Senator LUNDY—Why? It takes a while, does it?

Mr Allnutt—It appears to.

Senator LUNDY—I am sure you will maintain some pressure.

Dr Hart—I think it is again, Senator, worth putting those shortfalls in context. The IBM—

Senator LUNDY—You already did. I need to move on to the BITS program.

Dr Hart—I think it is worth saying that the IBM GSA and IPAC's initiatives together were aimed at generating something like \$14 million in exports, and to date there has already been a total of \$202 million in exports. So that shortfall is less than seven per cent of the total.

Senator LUNDY—Is there any other promotion of the program that you would like to add?

Dr Hart—No. It is just that there is a focus on small to very small failings when, in fact, the program—

Senator LUNDY—I appreciate that statistically, but I hear the stories about the companies that are going broke and about the companies that are put under so much pressure by multinationals that they have no hope of fighting. No matter how badly they are treated under their contracts, they cannot do a thing about it, and the department has never been able to stick up for those companies under this program. There is no formal mechanism for the department to support these companies, and, when that was tested some years ago, the department stated at this table that they were not able to do anything on behalf of that Australian SME—

Senator Hill—Mr Chairman, this is not a debating forum. It is a question—

Senator LUNDY—Then I suggest Dr Hart resist making points, because I will make them too to make sure the other side of the story is presented in this forum.

Senator Hill—Mr Chairman: questions, please. This is not a debating forum. What is the question?

CHAIR—I did not hear it.

Senator LUNDY—The question is: is the government going to extend funding for the BITS incubator program past July 2004?

Dr Hart—I think the minister is on the record at the last estimates as saying that, at this stage, there is no such intention and that incubators should work on the assumption that the program is coming to the end. As you know, there is a consultancy that has already been completed, and there is another one under way which will assist the government in giving further consideration to any continuation of BITS.

Senator LUNDY—What stage is that BITS pilot evaluation at?

Mr Allnutt—The pilot evaluation has been completed, and the full evaluation is just getting under way. We expect that to be completed in August or September.

Senator LUNDY—Is there any process, procedure or program for individual incubators to perhaps continue receiving government support in some ways?

Mr Allnutt—Incubators are eligible for other government programs but, as Dr Hart said, there is no current intention to extend the BITS incubator program.

Ms Williams—Obviously, that full evaluation of all 10 incubators is very important.

Senator LUNDY—I appreciate that. I am just trying to get an idea of whether there is a spectre of hope out there that that final evaluation could, in fact, lead to recommendations that funding be continued. Is that part of the terms of reference of that evaluation?

Ms Williams—I think that is an issue for future policy—

Senator LUNDY—Right.

Ms Williams—that we could not comment on. But the minister was, as Dr Hart said, quite clear that incubators should not depend on that.

Senator LUNDY—So you can confirm that the terms of reference for the final evaluation do not contain within them any ability to recommend further funding?

Ms Williams—It is an evaluation of how those 10 incubators went.

Senator LUNDY—Of how they have functioned. So it does not contain any scope for recommending future funding?

Ms Williams—It is an evaluation.

Senator LUNDY—Okay. As far as you are concerned, because the minister said there is no more funding—and there does not seem to be any scope for more funding—are the incubators now starting to wind themselves up or make preparations for concluding their business in July next year?

Mr Allnutt—We are not aware of them doing that. The funding goes for another 12 months, so there is a considerable period ahead.

Senator LUNDY—So they have not started that process yet?

Mr Allnutt—We are not aware of that, no.

Senator LUNDY—The final evaluation is concluding in September or October this year. How does that work, given that the program does not conclude until some seven or eight months later?

Dr Hart—I am not sure what your question is.

Senator LUNDY—If there is no scope in this final evaluation to reflect on possible future funding, why is the evaluation taking place and concluding eight months before the incubators actually wind up? You will not have the full picture.

Dr Hart—That is the difficulty. It is getting a balance between getting enough information to assess the full situation in which the BITS program has been operating and at the same time having some scope to look at what contribution the program has made to the innovation system as a whole, and that is something the government is considering in the second half of this year. We were trying to strike a balance between getting as much information as we could, after having done a midterm review, about how the incubators were travelling and at the same time having some timely information which would provide for any further decision making.

Senator LUNDY—So there is some hope.

Ms Williams—I think what the minister said was that they should not depend on this—there is no current provision. Obviously evaluations may lead anywhere, but this is pure evaluation.

Senator LUNDY—I understand that. You can see why I am asking the question—because, if it does provide some hope, the timing can be interpreted to mean that, if it is a positive evaluation, there is still that neat little amount of time leading up to the budget process that could in fact provide future funding, if it is a policy decision.

CHAIR—Senator Lundy, you seem to be asking the officers to comment on the minister's position.

Senator LUNDY—No, I think I was just commenting on the minister's position, actually, not the officers. I know they are far too professional to reflect on government policy.

CHAIR—I am sure they are too.

Senator LUNDY—In terms of monitoring to date of the BITS incubator program, apart from the pilot evaluation, I know from time to time you have provided me with reports about who is being incubated and who is graduating and all that sort of thing, but have you been producing periodic internal reports about the outcomes of the incubators—

Dr Hart—Other than the annual reports, the two things that are done are placed on the web site.

Mr Allnutt—We also receive quarterly reports from each incubator.

Senator LUNDY—Can I have some statistics on the BITS incubators. I do keep in mind that there has been quite a chronic downturn in the ICT sector and also some significant changes to access to capital. How many graduates are there now from the programs?

Mr Allnutt—As at March 2003, there were 92 graduates from the program.

Senator LUNDY—What follow-up do you have for monitoring the progress and survival of the graduates?

Mr Allnutt—The incubators themselves, we believe, do follow up their graduates. It is in their interest to know what is happening. We have not received reports from them on that follow-up.

Senator LUNDY—Do you intend to pursue it as part of their final evaluation? I would humbly suggest that it would be a very useful bit of information.

Mr Allnutt—I believe that the evaluation process will look at it.

Senator LUNDY—It will follow that up. How many of the BITS incubators have attracted venture capital, by investment either into the body itself or indeed into individual incubatees?

Mr Allnutt—I do not have the statistics for the individual incubators with me, but the incubators as a whole have attracted \$38 million.

Senator LUNDY—From venture capitalists?

Mr Allnutt—From private investments, not necessarily venture capitalists.

Senator LUNDY—Would you be able to break that down for me?

Mr Allnutt—By incubator?

Senator LUNDY—By incubator and also by venture capitalist as opposed to private investor, if you can.

Mr Allnutt—I may not be able to; that information may not be available.

Senator LUNDY—I guess it comes down to the definition of venture capitalist. It should perhaps be the more institutionalised venture capitalists who manage funds as opposed to individual venture capitalists.

Mr Allnutt—Some of that information may be commercial-in-confidence, because it relates to the capital which the individual incubators are attracting.

Senator LUNDY—Why would that be commercial-in-confidence?

Mr Allnutt—It would be because they would have obtained that through their commercial sources.

Senator LUNDY—Can you take it on notice?

Dr Hart—Can we take it on notice for you, Senator Lundy, and we will provide what we can.

Senator LUNDY—Take it on notice and, if you believe you have a case for commercial-in-confidence, you need to articulate it and we will consider it upon receipt, but I am in no way accepting a commercial-in-confidence response as a reason for not providing information. Do you have any idea if any of the BITS incubators would be self-sufficient without government funding?

Mr Allnutt—It is still three years into the program. There is another year to run. We do not have any firm evidence one way or another on that, and that is the purpose of the full evaluation that we need to give us some insight into that.

Senator LUNDY—Can you clarify for me when the final evaluation will be concluded—in September or October this year?

Mr Allnutt—We think it will be August or September. The details are still being confirmed with the consultant.

Senator LUNDY—Between that time and the following budget—I know the minister said there is no money but if there is—what is the expectation of the department as to the conduct of those incubators? What if they all wind up?

Ms Williams—I think that is impossible to speculate on at this stage.

Senator LUNDY—I am in the realm of the hypothetical. In ‘other programs’, and I know we will come to that shortly, and with, for example, Intelligent Island or BARN, is it conceivable that unspent funds for those initiatives could be put into the BITS programs?

Ms Williams—I do not think that is one for us.

Senator LUNDY—I think it is one only for the minister.

Proceedings suspended from 9.27 p.m. to 9.37 p.m.

CHAIR—The hearing will recommence. I am sure the minister will join us shortly.

Senator LUNDY—I will stick with 3.3 for a minute. I have been reminded that when the cluster 3 contract renewal process occurred the department's own provisions in terms of industry development were actually breached. The audit report says:

The Cluster 3 Contract Management Office sought DCITA's consideration to apply the expected new provisions to the extension of the contract. DCITA advised, on 21 June 2002, that the new arrangements had been announced by the Minister and that it was appropriate that the new framework apply to the extension of the Cluster 3 IT outsourcing contract. The Cluster 3 Contract Management Office was advised that it could negotiate the contract extension on the basis of minimum SME participation rates of 10 per cent of the contract value of hardware purchases and 20 per cent of the contract value of services purchases. Alternatively, the Cluster could specify an average minimum level based on the weighted average ...

It goes on to say, in 2.41:

DCITA advised the Cluster 3 Contract Management Office on 5 July 2002 that the Government's policy, while allowing for some flexibility in extenuating circumstances, does not provide for blanket automatic exclusion of segments of the contract in the way proposed. It further expressed the view that the offer did not meet the Government's overall required minimum SME participation level ...

I just wanted to make that point in response to Dr Hart's vehement defence of the program.

Ms Williams—Senator Lundy, did I correctly hear your opening remark—did you think that that was our contract? We are cluster 5.

Senator LUNDY—I am just talking in relation to the SME and DIMIA renegotiation.

Ms Williams—I am sorry, I misheard.

Senator LUNDY—I was just following up that point. I wanted to get it on the record. In relation to NICTA, having attended this evening the launch of the ACT node of NICTA, has NICTA now completed all of its milestones due to date?

Mr Sutton—Yes, it has now completed milestones that were due at 31 December, those that were due at 90 days but that after signature turned out to be completed on 8 January, and a set that were originally due at 31 March. Those milestones were adjusted in consultation with NICTA to 30 April milestones. Those milestones have been achieved.

Senator LUNDY—I am pleased to hear it. Can you clarify that NetAlert is in output 3.1?

Ms Williams—It is in 3.2.

[9.42 p.m.]

Senator LUNDY—I now turn to output 3.1, Policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services. I know that a number of the Networking the Nation and associated social bonus programs like BARN and so forth are coming to a conclusion. Are you able to tell me or take on notice a schedule, if you like, of what programs are concluding on what dates over the next two or three years? I presume you have a schedule. I also understand that, specifically, some regional connectivity centre project funding will be concluding on 30 June this year. What programs are due to conclude on that date?

Mr Barr—Programs ending on 30 June are the islands fund and the Internet access fund. All the other elements of the programs are continuing.

Senator LUNDY—What about some projects that were funded and that are going to conclude?

Mr Barr—That is an enormous question in itself. Networking the Nation would have funded almost 800 projects. My rough estimate is that there will be at least 200 of those programs continuing beyond 30 June.

Senator LUNDY—So 600 of them are going to end, if they have not already?

Mr Barr—If they have not already, yes. Indeed, many of them have.

Senator LUNDY—How many have already concluded?

Mr Barr—Roughly 400.

Senator LUNDY—So 200 are going to finish up at the end of June, or 200-odd? I will get you to provide on notice all of the details.

Mr Barr—Thank you, that would be—

Ms Williams—We can provide to a table.

Senator LUNDY—Just on what you have said, there are over 800 altogether, 400 have already finished and another 200 or so will finish up at the end of June. That will leave 200 continuing.

Mr Barr—It will be over the first quarter of the next financial year, then it will be progressive, perhaps—

Senator LUNDY—The remaining 200 might have a year or something?

Mr Barr—The BARN program, for example, has a life for two more years and the local government fund has a life for two more years as well.

Senator LUNDY—Can you provide me on notice with a full list of NTN, BARN and local government fund projects and when they are scheduled to finish?

Ms Williams—That is a very long list, Senator Lundy—there are 800. Can we give you a table of when projects are off and name every—

Senator LUNDY—No—a full list.

Mr Barr—Are we talking about the date that they are scheduled to conclude?

Senator LUNDY—Month is okay—maybe the start and finish month and year as well as the name of the project and what the grant was worth, for BARN, NTN and local government fund. Is TIGERS in that suite?

Mr Barr—No—

Senator LUNDY—That was NOIE. I did not ask NOIE about TIGERS—I will have to put a question on notice for them. Before we move off that, given that some of those projects are coming to an end, it has come to my attention that some of the connectivity centres in regional Australia have been unable to establish sustainable models. Some of the projects were never designed to move to a sustainable model and they are just going to stop. Is there any planning

within the department to make available further grant funding or an application process for further funds so that these connectivity centres might have some hope of surviving?

Ms Holthuyzen—It is only the programs that exist under money that is left. There are no other programs.

Senator LUNDY—There is no other money. How long has Intelligent Island got to go?

Ms Holthuyzen—Sorry, you have swapped—

Ms Williams—That is the people who have just left—the ICT people.

Senator LUNDY—Sorry?

Ms Holthuyzen—That was the most recent people—output 3.3.

Ms Williams—You could put it on notice.

Senator LUNDY—I will put it on notice. I am conscious of the time. You mentioned the highland fund.

Mr Barr—No, the islands fund—the remote and isolated islands fund.

Senator LUNDY—That program finishes on 30 June?

Mr Barr—Yes.

Senator LUNDY—What sort of projects did the Internet access program fund? Isn't that the one that had some unspent funds in it that there were reallocated or something?

Mr Barr—Yes, that is correct.

Senator LUNDY—How much money was left in it at the last budget?

Mr Barr—I could give you a rough indication. The funds that remained after the reallocations, taking account of running costs, were about \$3.7 million.

Senator LUNDY—At the beginning of last financial year?

Mr Barr—Total expenditure under the program will be about \$3.7 million.

Senator LUNDY—How much in unspent funds will be left in the Internet fund at the conclusion of this financial year?

Mr Barr—That is a difficult question to answer, because—

Senator LUNDY—Approximately.

Mr Barr—Approximately \$100,000.

Senator LUNDY—So what happens to that \$100,000? Does it just go back into the big department pot?

Mr Barr—No. That money is actually part of the regional telecommunications infrastructure account. It stays in that special account.

Senator LUNDY—It cannot go anywhere else?

Mr Barr—No.

Senator LUNDY—What will happen to it there? Will it sit there until you find something else that matches the—

Mr Barr—No, because the expenditure is authorised under the legislation and the authority expires on 30 June 2003. There would be no authority to spend beyond that date.

Senator LUNDY—So what happens to it? Does it just sit there?

Ms Holthuyzen—Effectively, it becomes part of consolidated revenue.

Mr Barr—No, it does not, because it is already part of consolidated revenue.

Senator LUNDY—If it did that, they would be in trouble with how they managed their special accounts?

Mr Barr—Yes.

Senator LUNDY—So it just sits there, until when—in perpetuity?

Mr Barr—I really do not know the answer to that.

Senator LUNDY—I will let you take it on notice. I would be very interested to know what happens when the authority runs out for expenditure of moneys remaining in the special account.

Mr Barr—It is a question that we have looked at, but we will need advice from the Department of Finance and Administration.

Senator LUNDY—You can't find someone who has an awesome project worth about \$100,000?

Mr Barr—But I have not got an authority to spend it after 30 June. I think it is absorbed then into the official public account.

Ms Williams—This is something, I think, that we have still got to get across.

Mr Barr—It is a technical accounting matter.

Senator LUNDY—I am sure you are not the only department grappling with the problem. Is there any residual money in the islands fund that you mentioned?

Mr Barr—There could be about \$100,000 in that as well.

Senator LUNDY—Is that part of the special account too?

Mr Barr—Yes, it is.

Senator LUNDY—Going back to all of the others—Networking the Nation, BARN and the social bonus—would you confirm for me that the question about residual funds in those areas is not raised yet, because those programs are not concluding at this point. Or are some of those programs, as opposed to projects, concluding on 30 June?

Mr Barr—No. The situation with the Networking the Nation general fund is that we have a further 12 months in which to expend the funding, and when you look at BARN and local government you see that they are not special accounts but annual appropriations. In that situation, the forward estimates are there for two more years.

Senator LUNDY—Are you able to tell me whether there is any underspend within the local government fund?

Mr Barr—That is a different situation because they are annual appropriations, so if there is an underspend—

Senator LUNDY—So you are just spending everything you are allocated?

Mr Barr—We estimate our expenditure and if there is an underspend at the end of the financial year we seek the permission of the department of finance to carry that over to the following financial year.

Senator LUNDY—What work is occurring in the department on a response to the Estens report?

Ms Holthuyzen—I think you are aware that the government has been considering the response to the Estens report over the past little while and is still considering it.

Senator LUNDY—Apart from the things the minister has already spoken about—for example, making it a licence condition for 19.2 kilobits—are there any other specific recommendations that the government has done anything about yet? I know the minister has said a lot about a lot of things, but has he done anything?

Ms Holthuyzen—No. The government has not made a decision in relation to the recommendations of Estens. Obviously there are the ones we talked about the other day with the minister in relation to some of those reliability issues, but otherwise we have to wait for the government's decision on the recommendations.

Senator LUNDY—Is that response still a work in progress for the department?

Ms Holthuyzen—No. The matter is under consideration by the government.

Ms Williams—I think this is one that Senator Alston mentioned to you before that he said is under consideration.

Senator LUNDY—So you are not doing any work on that at the moment?

Ms Williams—No.

Senator LUNDY—Can you provide a breakdown of how much the federal government spends on telecommunications and related communications services on a state by state basis?

Ms Holthuyzen—Do you mean in terms of programs?

Senator LUNDY—Yes.

Ms Holthuyzen—We can probably do that on notice. We have them from the NTN and those sorts of programs.

Senator LUNDY—From NTN, BARN, local government—all of the programs.

Ms Williams—We will take it on notice and see what we can do.

Ms Holthuyzen—We can give you the breakdown by state.

Senator LUNDY—Are you able to include those managed by other outputs?

Ms Williams—We will take it on notice and see what we can provide to you.

Senator LUNDY—Will you take it on notice to include those. Would you also take on notice a question for NOIE for the same thing for the programs they manage.

Ms Williams—I do not think we can take it on notice, but I think you can put it on notice.

Senator LUNDY—Yes, so that we have a full state by state breakdown. You may be able to help me here: if I want to get an idea of how much the federal government has spent on its telecommunications costs, thinking in purchasing terms, would you be the appropriate group to ask that question?

Ms Holthuyzen—No.

Ms Williams—If you are talking about the federal government's own telecommunications costs—

Senator LUNDY—Yes.

Ms Williams—No, we are not.

Senator LUNDY—If I want each department's telecommunications requirements I would have to ask a question to every department and agency?

Ms Williams—Yes.

Senator LUNDY—That is so tedious, but I can do it. I have done it before. Keeping that theme of purchasing in mind, is the federal government considering using its purchasing power of telecommunications to leverage improved services for regional and rural Australia? The Broadband Advisory Group talked about aggregating demand, and certainly the states do it. Is the federal government considering aggregating its requirements for telecommunications bandwidth with a view to helping better services reach into the bush?

Ms Holthuyzen—We understand that the government online area of NOIE used to have some responsibility—I am not sure whether responsibility is the right word but it used to take some interest in that particular matter.

Senator LUNDY—But you do not?

Ms Holthuyzen—Not directly in that sense of government purchasing. In terms of the government's response to the broadband report, we would obviously be interested in things like demand aggregation.

Senator LUNDY—Do you think NOIE might have a clue?

Ms Williams—I think Mr Bryant will give you a little more on this.

Senator LUNDY—Thank you.

Mr Bryant—From a regional policy perspective, we have been interested in that strategy for some time. In fact, the Online Council has a regional communications working group that we chair, which meets on a regular basis three or four times a year. We have been exploring strategies to aggregate demand at the government level as a lever for improved service delivery generally. It is probably more of an opportunity for the states, because if you think about the key services out in regional Australia that provide that opportunity you are probably talking in the main about education and health. Certainly from time to time we have talked to Centrelink, for example, to see how they might get involved in those kinds of strategies.

The key issue—and it is an issue we have tried to resolve in a policy sense—is really the difference between aggregating demand at the whole-of-government level, and particularly, I suppose, at the whole-of-government sector level, departments of education, and aggregating demand at the regional level. Some of the regional practitioners and community and economic

development people are saying to us, and have said to us for some time, that if at a whole-of-government level you aggregate your demand and lock up your supply with a particular supplier, whoever that may be, then you create real problems for trying to do that at a regional level.

Senator LUNDY—It is certainly the regional model that I am thinking of.

Mr Bryant—I am trying to paint a picture to show that there has been activity occurring for some time.

Senator LUNDY—I am aware of the competing pressures of a whole-of-government approach, which would effectively disaggregate the opportunities and regional markets for using government expenditure on telecommunications to join with other expenditure in those regions. Are there discussions taking place with other tiers of government?

Mr Bryant—Yes, we have discussions on a very regular basis. As I said, we meet three or four times a year and progress in that particular area is invariably an item on the agenda. Some of the states have made a bit of progress in this area by freeing up their purchasing arrangements and getting away from single supply arrangements to panels and so forth, which does create more opportunities for regional demand aggregation.

You might be aware that we produced a document a year or so ago which is referred to as the 'new connections toolkit', in which we tried to outline some of the different new market models which really have regional demand aggregation at their core. We hope to provide a useful tool to communities to explore these opportunities. We are talking to communities all the time as well. We are talking to carriers and service providers about what they see as the barriers to that kind of strategic approach.

Senator LUNDY—In a given community, would Centrelink have the ability to talk to state education and health departments in a given region? Is that kind of discussion happening at that level?

Mr Bryant—Probably not as much as it should. I would like to refer to the TAPRIC program, which you raised as a topic the other night. Clearly, that is one area where it is absolutely necessary to get different agencies from different tiers of government cooperating, because there is not really any business case to get high-bandwidth services out to those remote Indigenous communities unless those agencies cooperate and pool their demand to get a service provider in. One of the key strategies under TAPRIC, for example, is to act as a facilitator and coordinator to make that very thing happen. It is one of the most important outcomes we have to try and achieve with that program.

Senator LUNDY—That is interesting.

Mr Bryant—It is not easy; there are a lot of barriers.

Senator LUNDY—What barriers can you nominate?

Mr Bryant—Clearly the most significant one is the bottom line at the agency level within the particular tier of government. The tension really is about to what degree they can get cost savings for their bottom line from aggregating with a single provider versus their trying to contribute to the general regional development objective and perhaps have a higher cost to

their bottom line but a better general outcome across sectors and agencies in terms of regional benefits.

Mr Cheah—Another potential complication arises within sectors as sometimes they have their own issues. For example, in the health sector it is not just an issue of aggregating demand for the government department. Often there will be a private-public issue—for instance, networking the doctors and nurses in terms of private sector providers as well. Sometimes the pressures coming from the private sector are going to also work against regional objectives. The three big ones tend to be that you are reducing cost, working with the sector and working with the interests of the regional stakeholders as well. They are not always congruent.

Mr Bryant—There is a natural tension within the whole concept of demand aggregation anyway because it is really about trying to pool your buying power, but that is really reducing—

Senator LUNDY—It is about who is the beneficiary—the region and the regional stakeholders or, indeed, the client concerns.

Mr Bryant—When regions talk to us about what they really want, at the end of the day it is increased competition and greater choice. To get there, they really have to restrict competition in the first instance to try to get somebody into town apart from the incumbent. At some point there then has to be a process of disaggregation to try to open up the market again.

Senator LUNDY—That is a really good point to lead into the next thing that I want to discuss. It is not just about the continuing incumbency of Telstra in the region: there have also been consistent allegations of predatory pricing. Whenever one of these community aggregation models starts to emerge, Telstra's strategy has been to be all over that like a rash. Not only does that create a scenario whereby the community do not get to a point of being able to aggregate their local demand to stimulate competition; it certainly means that they will never get to a point of having competition so they can then disaggregate demand. What is the government doing about this, particularly with funds from programs like BARN—Building Additional Rural Networks—winding up in a couple of years? The problem is not actually going away.

Mr Bryant—On the competition side of things I might defer to my colleagues. I would simply make the point, in terms of the benefits to those communities, that I appreciate what you say about the longer term but in the short term that kind of reaction from Telstra actually does produce benefits for the communities, which they acknowledge.

Senator LUNDY—I remember the minister ruminating that, if it resulted in a lower price for the consumers in that region, that was an outcome. I contended at the time that in fact it was a very short-term outcome and that it did not change the prevailing conditions in the market.

Mr Bryant—On the competition side there are clearly processes available.

Mr Cheah—I will make an observation on those comments. There were some allegations of predatory conduct. Those were referred to the ACCC and the ACCC is conducting an investigation. That is the appropriate forum to look at that issue.

Senator LUNDY—I wanted to raise it in the general context of asking what policy research and consideration, at least at a departmental level, there was into how you can conceivably deal with these issues and problems. In a way, to deal with it you tackle the systemic problem and the economics of those markets.

Mr Bryant—Another aspect of that really is the one that many regional communities, including some for whom the models have failed, are facing. It is one thing to get commitments from players and agencies and businesses in a region to go to the new model or the new provider, but if there is a response from the incumbent there is inevitably a flow-back from those customers. That is clearly something that new providers have to take account of in their business planning.

Senator LUNDY—But that points to a policy that is going to ensure, at least upon the entry point of the competitor, that conditions are optimised for the ability they have committed to actually put into the market. The point raised about predatory pricing is that they are not even getting to that point.

Mr Bryant—Yes.

Senator LUNDY—Has there ever been any consideration of extension of the subsidy to everyone with a DRCS and HCRC radio connection, to effectively replace those connections with a two-way satellite connection, in the spirit of the extended zones contract?

Ms Holthuyzen—As you know, the extended zones contract applied to the people in the extended zones. No, there has been—

Senator LUNDY—It is people who do not qualify but are still working off pretty rudimentary sorts of radio concentrators.

Ms Holthuyzen—I am not sure whether the NTN program has been used for any of those sorts of applications.

Mr Barr—Not that I am aware of.

Senator LUNDY—Could you take on notice a general question about what opportunity, if any, under any of the existing programs there would be to have a subsidised replacement of the digital radio concentrator system and the HCRC—and I could not tell you what that acronym stands for at this time of night.

Mr Bryant—Can I just clarify what kind of service you are talking about. As you may know, Telstra is already committed to replacing, under its rate program, old DRCS systems with HCRC. You are talking about high bandwidth as per the—

Senator LUNDY—I am going to the next step. Has there been any consideration of that added departmental level, perhaps in a response to Estens?

Mr Bryant—It is clearly an issue that Estens looked at.

Senator LUNDY—I get a lot of feedback about the inadequacy of those systems. I am conscious of the DRCS replacement program. I am aware of that. We went through the Broadband Advisory Group recommendations before, but is the department working on any response to government or is that solely in the hands of NOIE?

Ms Holthuyzen—NOIE is coordinating any response on that. Obviously we have discussions with them, but I think they gave you the full answer.

Senator LUNDY—So you have nothing to add?

Ms Holthuyzen—We have nothing to add to that.

Senator LUNDY—I am a little bit confused still about the demarcation there between the department, being all things to do with telecommunications, and NOIE. With the scope of their work, it would seem that broadband issues would be a little closer to the sorts of things you work on.

Ms Holthuyzen—I think the answer is that they cross over both NOIE and the department. NOIE had the secretariatship of the Broadband Advisory Group, which is why they are taking it forward. But we obviously have a keen interest in all those broadband issues as well.

Ms Williams—It is one we have to work very closely together on.

Senator LUNDY—There is an inquiry going on at the moment into the Australian telecommunications network. Its terms of reference are quite broad, but one of the things it is looking at is the quality, if you like, of the consumer access network. Is the government doing anything at the moment to look at the state of the network and ensure that the network is upgraded? I guess the question is motivated by the broadband readiness level of the consumer access network, but I would also like you to respond to it more generally in the context of all the information out there about the fault levels in Telstra, about the inability of a lot of that network to be able to carry a broadband service.

Ms Holthuyzen—I think the National Reliability Framework is one of the key things. Mr Bryant can probably talk more about that.

Mr Bryant—As an overall response, our approach would be not to be prescriptive about the kinds of technology solutions that are required to upgrade the network but to focus on ensuring that the service outcomes are improved, adequate and effective. The Network Reliability Framework which came out of the government's response to the Telecommunications Service Inquiry really adopts that approach. It focuses on the network at a number of levels. It focuses on the Field Service Area, the large regional area, and on the Exchange Service Area at an individual level. It puts in place required service outcomes particularly in terms of recurring faults. It also establishes a process through the ACA for addressing problems when they occur. It is trying to get the required service outcomes and leaving it up to Telstra in the case of the Network Reliability Framework to take the best technology approach.

Senator LUNDY—In those kinds of issues, the TIO is out there and Telstra has a complaints service, but does the department have a mechanism to allow feedback from citizens who are always frustrated or who have a particular complaint but the nature of the complaint is not, 'Fix my problem,' but, 'I think there has to be a policy or regulation change,' which is something that might be in the government's hands?

Mr Bryant—On a service by service basis, clearly the ACA has that role in relation to the Network Reliability Framework. On a more general level, as a department we try to stay in touch and make contact with key stakeholders. There is obviously a process of responding to

ministerial representations about people's concerns and emails and so forth and we try to get information out to people, including through our web site.

Senator LUNDY—So your role in responding to complaints would be in supporting the minister.

Mr Bryant—Yes, but in talking to key stakeholders we try to be more proactive than that. As you may be aware, we have had a number of national regional forums where we try to get everyone together to talk through the issues and problems to try to get some degree of consensus on the way forward. We want to continue that kind of networking on a periodic basis. Particularly in areas like Indigenous telecommunications, networking is one of the key solutions and we are trying to be very proactive in getting people together and building networks so that kind of collaboration can take place.

Mr Cheah—Perhaps I could amplify some of the issues Mr Bryant was just talking about. The easiest way to think about this is that it is almost like three levels. The TIO responds to individual complaints one on one. If it turns out that we have a systemic problem in the network, the Australian Communications Authority would deal with that problem. The network reliability framework has been put in place to identify systemic problems that are occurring in an exchange service area to allow it to get good data to do that and then do something about it. Our role is at the policy level. It is partly to support the minister, but it also feeds through into things like program design. For example, we had a role in designing some of the mobile coverage extension projects for mobiles on highways. In a sense, those projects are responding to complaints where the government has chosen to put funds into extending mobile coverage. Those are probably some of the key ways we work. That three-layered way of looking at things is quite useful in terms of the respective roles.

Senator LUNDY—Thank you for that. I want to go back to a BARN funding issue. Does that program still have two years to run?

Mr Barr—Yes, two financial years.

Senator LUNDY—Arising from the last estimates round I think there was some underspend in the BARN fund. Does that sound familiar?

Mr Barr—Not entirely, no.

Ms Williams—The program does have two years to run. Perhaps what you are talking about is a rephasing across years.

Senator LUNDY—I think there were comments made at the last estimates that projects considered not worthy were knocked back, which is, as you would consider, fair and reasonable.

Mr Barr—Yes.

Senator LUNDY—It has come to my attention that there was an application from the Murray Mallee Local Government Association which put forward a project very similar to one already existing, I believe, on the Coorong. The Coorong network was funded, but the Murray Mallee Local Government Association application was rejected. Can you tell me why? Apparently \$6.2 million was taken from the BARN fund in 2002-03 and put into the 2004-05 pond. Does that sound right?

Mr Barr—That is the rephrasing of the funds.

Senator LUNDY—Did that happen?

Mr Barr—Yes, we have rephased the funding profile of the program.

Senator LUNDY—And I think at the time you said that it was because it could not be spent.

Mr Barr—We assessed at the time—which would have been, I think, additional estimates—that we would not have a need for the level of funds that we had thought we would need at the start of the financial year and so we rephased those expenditures into the out years.

Senator LUNDY—Fine, but that fits with this concern that a project had been funded for a model to build an alternative network in a regional area—in this case in South Australia in the first instance, to build the Coorong network. The Coorong network received about \$1.2 million in grant funding, which included \$800,000 from NTN and BARN and \$400,000 from the South Australian state government. An additional \$800,000 was spent on it as well. That has been funded and it is excellent because BARN had a role in it. The issue here is that a very similar initiative but in a different region came forward with the same kind of project but it was rejected. Are you able, off the top of your head, to provide an explanation as to why some would be funded and some would not—or is it that you can build only one network and the same company is not allowed to build two alternative networks?

Mr Barr—The decisions are taken by an independent board and the assessments are made against the selection criteria of the program. In the case of the Murray Mallee, from memory they were seeking something like \$4 million to \$5 million for their project and I think it was the board's decision that, in light of the full scope of the project, it did not represent value for money. If you like, it failed to clear that particular selection criterion.

Senator LUNDY—So that is even though the model had been shown to be working in another area—I am working on the information I have been given.

Mr Barr—It is not a case of the model; it is a case of the application that is coming forward making a case against the selection criteria and putting forward the business case and the financials that would support the grant funding. In this case, the benefits that were going to be derived were not proportionate to the funding being sought.

Senator LUNDY—What you are telling me correlates exactly with the information I got—that the best reason they got for not being successful with this particular application was that it did not represent value for money.

Mr Barr—Yes.

Senator LUNDY—How do you value the prospect of alternative infrastructure in a regional town? Can you take that on notice?

Mr Barr—In fact, the application attempted to put some values on the benefits that would be derived.

Senator LUNDY—And you did not think they were right?

Mr Barr—It was not a case of making that judgment. It was a case of judging those benefits relative to the \$4 million to \$5 million that they were seeking in the application. In its crudest form, I think the benefits were likely to be about \$1 million versus an investment of \$4 million to \$5 million. It just does not represent value for money.

Senator LUNDY—Can you take it on notice to provide me with as full an explanation as possible of the rejection of that particular application? You are right; I think it was for \$4 million or \$5 million. Can you provide information about any formula you use to assess value for money on infrastructure costs versus benefit and about how those determinations are made? Obviously, this party is not satisfied with the debrief they received from the department, so if you could facilitate a more comprehensive response to try to explain the decision that would probably be a good starting point.

Mr Barr—Certainly. It is the board's decision, though, of course; it is not our own.

Senator LUNDY—When you say 'value for money', I know you are just saying what the board said. But if they are going to cite that, there must be some formula which they are using to make an assessment of value for money. It is not just purely discretionary.

Mr Barr—It is a cost-benefit analysis.

Senator LUNDY—We will have a look at that then. That would be good. The general question is: given that this is the Building Additional Regional Networks fund, how many other applications to build additional regional networks do not get funded as a proportion of how many applications for genuine alternative infrastructure do get funded? You can take that on notice.

Mr Barr—I will have to take that on notice. I could not give you an answer off the top of my head.

Senator LUNDY—On that application: it is also my understanding that the applicants made a huge effort to respond to all the questions and to try to satisfy all the concerns and desires, and they understood that their compliance with those requests was at 100 per cent. So there was a huge effort made in trying to satisfy all those concerns, and it still came back to: 'No, it's not value for money.' I do not know whether, had they been differently advised, they could, for example, have modified their application in a way that would have been considered value for money.

Mr Barr—Knowing the background to the application, they did go to the board more than once. After the first consideration, the board did make some additional requests for information, which was provided. But even with the additional information it was not possible for a case to be made that showed there were sufficient benefits to justify the investment. If they could only show, roughly, \$1 million in benefits and they were asking for \$4 million to \$5 million of investment, the equation just does not add up.

Senator LUNDY—I will look forward to your answers, anyway. I am happy to move to output 3.2.

CHAIR—It is now half-past 10. I am conscious that we will be back here again tomorrow at eight o'clock, and I am keen that the staff in particular have reasonable time to go home and come back again. Do you have many more questions?

Senator LUNDY—About half an hour's worth.

CHAIR—Will we finish on time?

Senator LUNDY—That is what I am aiming to do.

CHAIR—We will now move to output 3.2.

Senator LUNDY—Can the department again provide an update on the progress in the transition to digital television in Australia, including the latest figures on the number of Australians currently accessing digital free-to-air television in Australia?

Mr Cameron—Based on industry information, the department understands that around 70,500 digital set-top boxes have been sold in Australia for free-to-air digital reception. That figure is as at the end of March this year and it represents a reasonably substantial growth of around 35,000 at the end of last calendar year.

Senator LUNDY—When was the last count done?

Mr Cameron—Around December last year. The industry also estimates that around 90,000 televisions which are capable of displaying HD signals have been sold and that of those 70,000 digital set-top boxes approximately half are capable of decoding high-definition signals.

Senator LUNDY—So there are 70,500 set-top boxes?

Mr Cameron—That is correct.

Senator LUNDY—And 90,000 HD TVs?

Mr Cameron—Televisions capable of displaying HD signals, yes.

Senator LUNDY—And about half the set-top boxes are capable of—

Mr Cameron—Decoding HD signals—that is correct.

Senator LUNDY—Apart from the HD TVs, have other digital television sets been sold or are all of those being sold in Australia capable of providing HD TV?

Mr Cameron—I am sorry—

Senator LUNDY—The television sets. You said 90,000 high-definition television sets were sold.

Mr Cameron—Yes.

Senator LUNDY—Are there any television sets that are sold that are not capable of providing high-definition?

Mr Cameron—Yes. A lot of the television sets on the market today do not have the pixel capacity—the number of lines—to display high-definition signals.

Senator LUNDY—For a standard-definition digital television—that is, just a standard television?

Mr Cameron—Standard televisions are capable of displaying standard-definition digital pictures. To display a high-definition digital picture you need—

Senator LUNDY—You need a special TV?

Mr Cameron—Yes, a TV with a high resolution.

Mr Pelling—There are two different types of standard-definition receiver. One is the set-top box which plugs into your ordinary analog set. The other is basically the equivalent of an analog set but with the contents of the set-top box inside the TV.

Senator LUNDY—I think that is the category I was getting at. Have you included that in the 90,000 or is that a separate category again?

Mr Cameron—That is a separate category again.

Mr Pelling—There may be some overlap between the two because—

Senator LUNDY—It could be a high definition—

Mr Pelling—some of those sets which have the more advanced displays do not have the digital insides. Equally, the 70,000 would probably include a small number of standard-definition sets, but not many. There are not many models of standard-definition television inclusive sets available.

Senator LUNDY—So it would not be a very big category anyway.

Mr Pelling—I think at this stage probably not.

Senator LUNDY—Perhaps you could take that on notice and give me an answer about how many, if that information is available.

Mr Cameron—Okay.

Senator LUNDY—Thank you. Has the department been working on any briefs or strategies that will improve the take-up of digital television? What sorts of options are being considered?

Mr Cameron—The department continues to monitor developments both here and overseas in relation to what sorts of factors influence consumers to take up digital television. I think the minister commented a few days ago that there is a range of factors, and individual consumers will generally have different reasons for wanting to take up digital. The cost of the equipment, the sorts of services or enhancements—whether that means a better picture or clearer sound—or additional content such as multiviews or multichannels are factors that will attract different consumers depending on their preferences. The department continues to monitor those. At this stage the department is not developing any specific additional measures other than to keep an eye on those sorts of developments.

Mr Pelling—We see a lot of that to be the responsibility of the broadcasters. We understand that the broadcasters themselves are developing a strategy for the promotion of digital television.

Senator LUNDY—The other day we saw first-hand what the ABC's strategy was. Are you developing a strategy to investigate the effects on the take-up rates of the cancellation of two of the digital TV channels? I am sure it is an issue that has been the subject of much discussion over the last few days.

Mr Cameron—Any assessment of that impact will, in the end, be very speculative. The question of whether the availability of those particular channels has been a significant component of take-up to this point, and whether their cessation will substantially influence

take-up, are difficult questions. In general terms, we do take an interest in the range of services available and in information that suggests the sorts of issues that influence how people make decisions about taking up digital television.

Senator LUNDY—If you did not have pay TV and you were one of the 90,000 people who had bought a digital television and just wanted to get the free-to-air digital services, you would get all the free-to-airs, but what additional channels would you get?

Mr Cameron—Currently SBS provides two multichannels: SBS World News and SBS Essential. For the moment, the ABC provides its own two digital channels.

Senator LUNDY—Out of all the free-to-airs in operation at the moment, you get four extra channels if you have a digital TV?

Mr Cameron—You get four extra channels and you also get access to electronic program guide information offered by a number of the broadcasters, program enhancements in terms of multiviews or other information and, obviously, the better reception available from digital and widescreen pictures.

Senator LUNDY—Because of the ABC's cuts, those four extra channels are now two extra channels.

Mr Cameron—That is correct.

Senator LUNDY—I am stating the obvious, I know, but it seems to me that that appeal of additional channels is a significant incentive, particularly for people who cannot afford pay TV and for whom the digital channels were enough incentive for them to invest in a new digital television set. That is my concern. I am trying to find out if that concern is shared throughout the department or if you are doing any work on it. It does not sound like you are.

Ms Williams—It is obviously a disappointment that those two channels will end at the end of the year. I think digital television is well accepted to be the future, and it is a disappointment—but it has only happened recently, obviously.

Senator LUNDY—What is the government's current policy on commercial television multichannelling?

Mr Cameron—The government's policy is reflected in the Broadcasting Services Act, which prohibits commercial television multichannelling except in very limited circumstances—those that relate to the capacity to offer multiviews or multiple camera angles in programs. At times where the coverage of live sport extends into a scheduled news show, commercial broadcasters are allowed to essentially multichannel both the news and the sporting event until the conclusion of that sporting event.

Senator LUNDY—Do they do that at the moment?

Mr Cameron—Can they?

Senator LUNDY—Do they.

Mr Cameron—I am not aware of broadcasters taking advantage of that at this stage.

Senator LUNDY—I am not aware of that ever having happened.

Mr Cameron—There is, however, a statutory requirement for a review to be conducted before 1 January 2005 on the question of whether there should be any adjustment to our legislative framework.

Senator LUNDY—When is the review due?

Mr Cameron—It is to be conducted by 1 January 2005.

Senator LUNDY—And what is the scope of that review—to look at multichannelling generally?

Mr Cameron—That particular review is in fact a review of the requirement on commercial broadcasters to simulcast their analog service and, with limited exceptions, do nothing but simulcast their analog service. So it is a review about whether there should be some relaxation to allow them to provide additional content beyond those limited exceptions that I referred to, in addition to simulcasting their analog service.

Senator LUNDY—So it will cover both of the issues?

Mr Cameron—It is not a review about whether the simulcast should continue; it is a review about whether they should have more flexibility to provide additional content, such as multichannels.

Senator LUNDY—I am sorry the Minister for Communications, Information Technology and the Arts is not here, because I did have some questions for him on this matter. I think it would be best to place them on notice.

Senator Hill—He is sorry he could not be here tonight, too.

Senator LUNDY—Yes, I know how sorry he is!

Senator Hill—We are all sorry—we are all sorry we are here, actually!

Senator LUNDY—Not long now.

Senator Hill—Eighteen minutes to go.

Senator LUNDY—What is happening with the antisiphoning list? Is the minister planning to move to a dual rights system or will he maintain the current system?

Mr Cameron—The minister received a report from the Australian Broadcasting Authority last year, if I recall correctly, about the current antisiphoning list, and he is currently considering that report.

Senator LUNDY—Just remind me—the current system was extended to the end of 2005 or mid-2005?

Mr Cameron—It is until 30 June 2005.

Senator LUNDY—Because these contracts have such long lead times, there is quite a bit of pressure to get a response out there, is there not?

Mr Cameron—The extension of the antisiphoning list to that date provides additional time for the government to consider that report.

Senator LUNDY—Is there a time frame for the minister's response to that ABA report?

Mr Cameron—There is no specific requirement, no.

Senator LUNDY—We will just keep waiting, I suppose. Has the minister received the ACCC report on Foxtel?

Mr Cameron—No.

Senator LUNDY—That was very definitive. I am impressed. Do you know when he will receive that report?

Ms Holthuyzen—No, Senator.

Senator LUNDY—Another definitive no. Will it be soon? One would expect so, given that it was due a long time ago.

Ms Holthuyzen—That is right. The ACCC have been saying for some time that it is not too far away.

Senator LUNDY—When was it due? I recall that there was an expectation created.

Ms Holthuyzen—I do not think there was a specific date when it was due. The ACCC had said that it was perhaps due earlier in the year.

Senator LUNDY—It was initiated around the time of the passage of the legislation.

Mr Cameron—The minister wrote to the ACCC around the time when Foxtel and Optus first announced their intention to enter into the content-sharing arrangement, which was in March last year. The minister asked the ACCC, once it had completed its statutory requirements to consider that, which was in November last year, to then provide him with a report or advice on the implications of those emerging market structures for competition in the communications sector more generally. But, beyond an expectation that it would be supplied after the ACCC had made a decision on that content sharing, there was no specific deadline for the report.

Senator LUNDY—My memory is that at the time an expectation was created that it would be early in the year. Is that your recollection?

Ms Holthuyzen—I think that is right. The ACCC said something to that effect, but it is taking a little longer to work through the issues.

Senator LUNDY—Hopefully, we will see it soon. I would like to turn briefly to NetAlert. It was reasonably well known that the CEO of NetAlert was actively lobbying for a significant increase in their allocation, leading up to this year's budget. I know that because I think he was lobbying absolutely everybody, including the minister. He presented a case that a significant increase of \$7 million to \$10 million over the next three years would be necessary to adequately fund a public education campaign about the safe and confident use of the Internet. He obviously was not successful in that. Previous funding for NetAlert averaged around \$1.5 million per year for the last three years. Now their allocation is \$500,000 per annum over the next three years.

Ms Williams—That is not quite right, Senator Lundy. In 2002-03 it was \$500,000 and this year it is \$750,000.

Senator LUNDY—What about the year before that?

Ms Williams—The year before that it was \$1.5 million.

Senator LUNDY—And the year before that?

Ms Williams—It was \$1.5 million.

Senator LUNDY—And the year before that?

Ms Williams—It was \$1 million.

Senator LUNDY—I think I still can make my point. Their funding is falling away.

Ms Williams—It may not have been to you, but the minister read out a letter from the CEO, who thanked him for the funding and said:

As previously indicated, substantial pledges of support have already been made to NetAlert, in varying forms, by the private sector.

Senator LUNDY—You just mentioned \$750,000 and the budget papers show \$500,000. Can you explain the additional \$250,000?

Ms Williams—The \$250,000 is a transfer from portfolio departmental resources. The \$500,000 shown is from the administrative vote. It is a transfer from the ABA, but it is clearly shown in the budget because it is part of the administrative vote, whereas the other transfer is departmental.

Senator LUNDY—Would you take me to the page in the PBS that identifies that other \$250,000.

Ms Williams—The \$500,000 is identified on page 60 of the PBS.

Senator LUNDY—Sorry, I thought it was page 160. I see NetAlert Ltd, \$500,000. So where is the \$250,000?

Ms Williams—That is actually a redistribution from in the departmental funding of the portfolio. What is listed there is administrative.

Senator LUNDY—How would I know that from reading the budget papers?

Ms Williams—I think it was in the minister's press release.

Senator LUNDY—It is not in the budget papers. I read these books on budget night.

Ms Williams—As you would know, Senator Lundy, the departmental votes are not cut up into programs like this, in general.

Senator LUNDY—I know. It makes it very difficult.

Ms Williams—I think that is why the minister put it in his press release.

Senator LUNDY—To point it out, I suppose. Next budget estimates, when I say, 'Show me how you spent the \$750,000,' where is the accountability so that we know that that full \$250,000 was actually expended on NetAlert?

Ms Holthuyzen—Because the department will provide the money to them.

Senator LUNDY—I am just asking in the interests of transparency and being able to make assessments, using the portfolio budget statements.

Ms Holthuyzen—NetAlert has to report back to the department as well, in terms of how it is expending its money, so there is an accountability process there.

Ms Williams—The whole amount will be provided by way of a grant deed.

Senator LUNDY—That extra \$250,000?

Mr Cameron—The entire \$750,000 will be provided by way of a grant deed and—

Senator LUNDY—Sorry to interrupt, but it is an independent body and I was not sure how you could have an independent body that was being one-third funded by departmental funds.

Ms Williams—We provide lots of funds to other bodies.

Senator LUNDY—And you do it through a grant deed?

Ms Williams—Through a grant deed, that is right.

Senator LUNDY—So they are still fully independent?

Ms Holthuyzen—Yes.

Ms Williams—That is an emphatic yes.

Senator LUNDY—What involvement does the department have in guiding NetAlert's strategies and priorities?

Mr Cameron—NetAlert is a company, with a constitution which was established by the Commonwealth and provides a framework within which it operates. In addition to that, the grant deed which is used to transfer the funding will include requirements on NetAlert to expend the money in an appropriate manner, including providing a work plan for the activities they intend to use the funds for, and in acquitting that grant they will also need to report at the end of the process on how the money was expended. In addition, the department has an ongoing relationship with NetAlert and keeps in reasonably close contact with them in terms of their operations.

Mr Neil—We attend the meetings as an observer. As Mr Cameron said, they are required to submit a work plan and we approve that prior to funding. So they annually submit a work plan and they are annually funded under that. They have, within their charter, objects and powers which are defined, and the work plan must be consistent with those.

Senator LUNDY—And that is how you assess it? You do not influence the nature of what they are trying to do? Do you just assess it against those criteria?

Mr Neil—The board makes the decisions about the allocation of their funding, and our role is strictly as observer. ABA is also an observer. We can advise them about their objects and powers, but they make the decisions. They are independently chosen people and they have a mind of their own. They are not going to—

Senator LUNDY—be intimidated by the presence of someone from the department at every meeting?

Mr Neil—I have not noticed any intimidation!

Senator LUNDY—What complementary work does the department do, in terms of producing material itself to support the objectives of NetAlert?

Mr Neil—The ABA has a complementary role and does related work and cooperative work.

Senator LUNDY—That is why I asked the question.

Mr Neil—Between the two of them they are expected to do the implementation, produce materials and agree on who they will target. So the department does not play an active role in the educational process. We will support where we can, but that is not a major function.

Mr Cameron—The department's role is primarily one of policy oversight of the schedule 5 provisions relating to online content rather than a practical implementation role, which is the responsibility of the ABA and NetAlert.

Senator LUNDY—I have a NetAlert question that I can place on notice through Hansard. I am not sure if I asked it, but I want to find out how much funding was left in NTN, BARN and the other funds that still have some time to go.

Ms Holthuyzen—We can take that on notice. I cannot recall whether you asked that either.

Senator LUNDY—I think I may have, but I thought I had better ask again, just in case. I do have other questions, but I am going to surprise everyone and finish three minutes early. Thank you very much for your time.

CHAIR—This ends the committee's hearing of the Communications, Information Technology and the Arts portfolio. I thank the officers from the Department of Communications, Information Technology and the Arts, in particular Ms Williams who has been here all this time, the ministers, my colleagues and Hansard. The committee will reconvene tomorrow morning at 8 o'clock when we will hear evidence from the Environment and Heritage portfolio.

Committee adjourned at 10.57 p.m.