



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

ENVIRONMENT, COMMUNICATION, INFORMATION
TECHNOLOGY AND THE ARTS LEGISLATION COMMITTEE

ESTIMATES

(Consideration of Budget Estimates)

FRIDAY, 30 MAY 2003

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SENATE

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

Friday, 30 May 2003

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

Senators in attendance: Senators Bartlett, Greig, Santaro, Tchen and Wong

Committee met at 8.02 a.m.

ENVIRONMENT AND HERITAGE PORTFOLIO

Consideration resumed from 29 May

In Attendance

Senator Troeth, Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry

Department of 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

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

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

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 Flanigan, Assistant Secretary, Policy and Compliance Branch

Ms Anne-Marie Delahunt, Assistant Secretary, Wildlife Branch

Mr Tim Kahn, Director, Mining and Industrial Section

CHAIR—Good morning. I reconvene this meeting of the Senate Environment, Communications, Information Technology and the Arts Legislation Committee considering the budget estimates for 2003-04. Today we are looking into the Environment and Heritage portfolio. I welcome the honourable Judith Troeth, Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry, who is standing in for Minister David Kemp; Mr Roger Beale, Secretary of the Department of the Environment and Heritage; and officers from the Department of the Environment and Heritage. We will commence with questions from Senator Wong.

Department of the Environment and Heritage

Senator WONG—Before I go specifically to the NHT, I wanted to just look at what has been announced by the government as a record \$957.6 million of spending on environment funding for the financial year. I am a little confused by that claim and I just wanted to clarify with you my understanding of what is the combined EA and AFFA budget environmental allocation over the past four years, as set out in the ministerial statements over the past four years. I assume I should ask Mr Glyde these questions.

Mr Beale—Probably, yes, but I will assist him.

Senator WONG—Do you have the figure that was committed in the 1999-2000 budget?

Mr Glyde—I would only be able to do that by reading off the chart. The chart on page 6 of this year's budget statements shows the figures that were provided in the previous budget statements.

Mr Beale—Senator, would you mind if I asked Mr Glyde a question? Were they the figures provided in the previous budget statements or were they the outcomes—the actual expenditure?

Mr Glyde—I believe they were the—

Mr Beale—Presumably, the actual expenditure.

Mr Glyde—the expenditure.

Mr Beale—I am sorry, Senator, this is I think quite a pertinent question as to whether this table—

Senator WONG—I agree, Mr Beale. That is fine.

Mr Glyde—Can I just correct that? The 2000-01 figure is the actual outcome for—

Mr Beale—And prior to that.

Senator WONG—Would anyone here have the figures? I want to go through the budgeted figures, the estimated actual spending, and I just want to confirm them for the last four financial years.

Mr Beale—While Mr Glyde is looking that up, the way to read this bar chart is that you have actuals up until 2002-03 where it will be the estimated outcomes—

Senator WONG—That makes sense to me.

Mr Beale—and then the estimates from there forward. So you want to compare those to what was actually estimated at the time of those respective budgets.

Senator WONG—Yes, that is right.

Mr Glyde—I can provide the figures in the charts but I cannot provide what we forecast in, say, 1999-2000.

Mr Beale—We can do that for a subset relatively readily.

Senator WONG—I am happy to come back to this.

Mr Beale—I can do that for the NHT, but not for the AFFA side, immediately.

Senator WONG—All the references I have are from the Commonwealth environment expenditure statements for the relevant financial years. I can give you the references to those and I am happy to come back to this in a short period. Just to let you know, Mr Glyde, I am looking at the estimated expenditure for the financial years ending 2001, 2002, 2003 and 2004, and they are all set out obviously in the Commonwealth environmental expenditure statements. I can give you the table references, if you want, but I assume you can find those.

Mr Glyde—No, we have those.

Senator WONG—I want to compare those with the estimated actual spending as set out on those statements. So perhaps we can come back to that. How long would that take?

Mr Glyde—It will probably take about 20 to 30 minutes.

Senator WONG—I am happy to go on to NHT while that is occurring.

Mr Beale—It could take up to an hour if we have to go back to the department, but it will not take very long.

Senator WONG—I have some of the statements here other than 1999-2000. Your staff can look at them, but they are annotated so they may not want to read them—as long as you commit not to look at my notes. But I do not have 1999-2000, I don't think. Yes, I do. Can we go now to NHT, Mr Beale?

Mr Beale—Yes. Would it be helpful for other members of the committee if I were to table the table I gave you last time?

Senator WONG—That might be useful. I might ask some questions from it.

CHAIR—There being no objection, it is so ordered.

Senator WONG—I assume that in the document you provided us with, Mr Beale, when you say ‘expenditure’ that is the estimated actual expenditure, not the revised actual expenditure—is that correct?

Mr Kitchell—The expenditure is the bottom column. The second of the two columns is the actual expenditure at the end of the financial year.

Senator WONG—Obviously, in relation to this current financial year, that would still be estimated actual expenditure?

Mr Beale—That is correct. That is why it has the asterisk.

Senator WONG—If we can just go through some of these, there was an underspend in terms of 1996-97 in the order of five point something million dollars?

Mr Beale—That is correct.

Senator WONG—And again an underspend in the 1997-98 financial year in the order of \$55-odd million?

Mr Beale—That is correct.

Senator WONG—And in 1998-99 there was again an underspend of about \$62 million?

Mr Beale—That is correct.

Senator WONG—There was an underspend of about \$21 million in 1999-2000—is that right?

Mr Beale—That is correct.

Senator WONG—What was the estimated actual expenditure in 1999-2000, if this is the revised actual expenditure?

Mr Beale—The estimated actual expenditure was the allocation of \$320.9 million. That is what we were aiming to spend. That was the budget estimate in that year. That was the appropriation, if you like.

Senator WONG—But in 1999-2000, didn’t the ministerial statement for the following budgeted year report estimated actual expenditure in excess of \$400 million?

Mr Beale—For 2000-01?

Senator WONG—I am looking at the figures for 1999-2000. Can you tell me what the reported estimated actual expenditure was in relation to that financial year as set out in the subsequent budget papers?

Mr Beale—The allocation for expenditure of \$320.9 million should have been what was in the 1999-2000 budget. The trust is complicated because you have appropriations to the trust—

Senator WONG—I understand.

Mr Beale—you have expenditures from the trust, you have interest in the trust and you have some expenditures that are funded by changes in trust balance sheets.

Senator WONG—Can I take you to page 15—

Mr Beale—Can I take you, as an example, to page 31 of this year’s PBS? If we look at that table on page 31, in relation to 2003-04 it gives you an illustration of the opening balance this

year with the balance in the previous year, the appropriation receipts, the other receipts and then the expenses, which are the \$250 million. I am advised that the expenses item for 1999-2000 would have been \$320.9 million.

Mr Kitchell—I do not have in front of me what was published for 1999-2000 as the estimate of the expenditure for that year, but the actual estimate approved by the Natural Heritage Trust board for that year, which may well have been subsequent to the publication of the EBS, was \$320.9 million, as indicated in your table.

Senator WONG—I understand that. I am interested in looking at the revised actual expenditure estimate which was set out in the statement—the CEE—in 2001. At page 15 of that document, you will see what I am looking for: Commonwealth expenditure, environment expenditure, et cetera. They are amongst the documents I just gave you. Have they been taken away?

Mr Beale—I think they have been taken away.

Senator WONG—Do you think we can get the 2000-01 estimate? Mr Kitchell, you do not have the reported estimated actual expenditure for each year; you only have it for the current year—is that right?

Mr Kitchell—I do. I have this year's and the previous two years' environment budget statements but not the one that you have asked for.

Senator WONG—I am starting a year earlier.

Mr Kitchell—You have started the year earlier.

Senator WONG—Is someone getting that document?

Mr Beale—Yes.

Senator WONG—Thank you.

Mr Beale—We have 2000-01 which, on page 15, gives a total of 361.3. In the table that I gave you last night, in 2000-01 under the heading 'Allocation', it is 361.3, which is the estimated expenditure.

Senator WONG—What was the reported estimated actual expenditure for 1999-2000 as set out in that document?

Mr Beale—That said 423.1, which was the estimate at the time the EBS was concluded. Is that correct?

Senator WONG—Can you explain, Mr Kitchell, why in that financial year the reported estimated actual expenditure was over \$100 million above the budget commitment but, more importantly, over \$120 million above the actual expenditure? In other words, it appears that there was a significant overstatement of the likely expenditure.

Mr Kitchell—I certainly cannot explain it to you on a line-by-line basis, but the EBS documentation was put together in the third quarter of the financial year and there have clearly been some significant adjustments between the estimate at that stage and the actual expenditure of just under \$300 million at the end of that year.

Mr Beale—In fact, if you would not mind, Senator, I would rather take this on notice. My recollection—I am not sure whether Mr Kitchell was engaged with this at that time—is that there was an accounting artefact of a carry forward of previous unexpended amounts and interest being available for expenditure in 1999-2000, which is why it was reported to be higher than expected at the time of the budget being brought down earlier in the year. But, again, there was a failure to get the necessary project approvals through the states and the board for those funds to flow.

As a result of this we have tightened very considerably our planning processes so that we now very consciously overcommit projects—we approve more projects than we could possibly fund during the financial year—in order that we can actually hit the expenditure targets set. So last year, for example, at this time I indicated we had spent \$274 million. The Senate—not you, of course, but one of your colleagues—expressed great scepticism on the basis of this past record, and we came in to within \$15,000 of that estimate. This year, Mr Kitchell, who is—

Senator WONG—I will ask some questions about this year, Mr Beale.

Mr Beale—I am just wanting to establish that since the early years of the trust, when there was difficulty both in tracking expenditure and in ramping up expenditure in what is a hugely bigger program, we have got a much tighter control on the in-year financial flows. So when we say 250 this year, Mr Kitchell assures me that it will be 250, just as it was 274 last year.

Senator WONG—I will come to this year in a moment. You might want to take this on notice. The figures we have looked at through various documents indicate a significant difference between reported estimated actual expenditure and the actual expenditure as set out in your annual reports. In the 1996-97 year the difference is: reported estimated actual, 41.9; actual expenditure, 36.3. In 1997-98: reported estimated actual, 118.3; actual expenditure, 131.4. In 1998-99: reported estimated actual, 334.3; annual report actual, 232.1. Then the figures we are talking about for 1999-2000: reported estimated actual, 423.1; annual report actual, 299.4.

Mr Beale—And in 2000-01?

Senator WONG—I will come to the later years. I would like those confirmed, and perhaps some indication as to what the significant difference results from. I turn now to 2000-01. Mr Kitchell, you said you had these figures—is that right?

Mr Kitchell—I have the EBS for that year, yes.

Senator WONG—Budget commitment, 361.3; reported estimated actual expenditure, 395.1; and the annual report actual expenditure, 284.3. Is that right?

Mr Kitchell—The first figure you gave?

Senator WONG—361.3

Mr Kitchell—Correct.

Senator WONG—Reported estimated actual, 395.1. It would be in the 01-02 document.

Mr Kitchell—395.1—that is correct.

Senator WONG—And the annual report actual expenditure, 284.3.

Mr Kitchell—That is correct.

Senator WONG—So there is a reasonable variation between your estimated actual figures and your actual expenditure. I appreciate that there are reasons why that might be the case. But in relation to 01-02 it appears that the reported estimated actual expenditure is precisely the same as the budget commitment. We do not have yet the 01-02 annual report—is that right?

Mr Kitchell—That is correct.

Senator WONG—When is that likely to be released?

Mr Kitchell—We would imagine shortly. It is with the ministers and with the Natural Heritage Board at the moment.

Senator WONG—When was it given to the minister?

Mr Kitchell—I cannot recall. Just very recently.

Senator WONG—Could you take that on notice?

Mr Kitchell—The exact date?

Senator WONG—Yes.

Mr Kitchell—It has to go to both ministers and to the board.

Senator WONG—Can you tell me what the actual expenditure as set out in that report is?

Mr Kitchell—For 2001-02?

Senator WONG—Correct.

Mr Kitchell—274.7 million.

Senator WONG—Precisely the same—there is no revision at all?

Mr Kitchell—That is correct.

Senator WONG—Perhaps you could explain to me how you track expenditure out of the trust over the financial year. Is there monthly cash flow accounting?

Mr Glyde—That is right. We track through our financial management system and we keep an eye on it on a monthly basis and sometimes even more frequently.

Senator WONG—What is the most recent figure for this financial year?

Mr Beale—On that last one—did we publish something in the last estimates?

Mr Kitchell—I think the Senator might be asking what our expenditure at the moment is through the trust.

Senator WONG—Yes, I would like to know what your current expenditure is on the trust—your most recent figures.

Mr Kitchell—The most recent figure of expensed money is about \$170 million.

Senator WONG—Is that actual cash payments, or is it accruals as well?

Mr Beale—It is an accruals—it is an expensed amount.

Mr Kitchell—That is right.

Senator WONG—Do you have a cash figure?

Mr Beale—The cash figure is probably much the same.

Mr Kitchell—It is the same.

Mr Glyde—It would be very similar.

Senator WONG—Do you have a cash figure?

Mr Kitchell—It is the same.

Senator WONG—It is the same?

Mr Kitchell—It is the same figure.

Mr Beale—Can I please ask that we examine that because, if you were making a payment, for example, to a state, the cash and the expense might be the same; if you were making a commitment to a non-government organisation, the expensing might be higher than the cash in some circumstances because you are incurring an expense in terms of future cash flows. Let us just check whether it is precisely the same or not, but it is not going to be very different.

Senator WONG—Why was there no revision to the reported estimated actual expenditure in relation to this financial year?

Mr Kitchell—Sorry, the number of—

Senator WONG—Why was it—

Mr Beale—Because we believe that we will spend \$250 million, give or take a very small amount.

Senator WONG—And why was there no revision last year to the reported estimated actual expenditure?

Mr Kitchell—I still did not catch the question. The number of—

Senator WONG—274.7, the reported estimated actual expenditure: why was there no revision at all to that figure?

Mr Kitchell—Because that is what was spent.

Senator WONG—Absolutely?

Mr Beale—I think we were about \$15,000 out, up or down, I cannot recall.

Mr Kitchell—I cannot remember whether it was over or under.

Senator WONG—So are we—

Mr Glyde—We spent the budget.

Senator WONG—And in relation to this year, can you just give me again the figure that you say has actually been paid out? We are talking cash payments here, not accrued liabilities.

Mr Kitchell—\$170 million.

Senator WONG—\$170 million. What is the date of that?

Mr Kitchell—28 May.

Mr Beale—But could we add to that, Senator, that we remain confident that the remaining funds will be expended.

Senator WONG—Yes, I am hearing that loud and clear, Mr Beale. On the annual report: is there a statutory requirement for it to be released, Mr Kitchell?

Mr Kitchell—Yes, it is a statutory requirement that there be an annual report.

Senator WONG—I am going to need my papers back soon—have your staff finished with them?

Mr Beale—I'm terribly sorry.

Mr Kitchell—Here they are.

Senator WONG—Thank you.

Mr Beale—Just while you are looking at that, my colleague tells me that the reason that the 2001-02 annual report has taken some time to produce is that it was the last annual report for NHT1 and therefore there was quite a deal of non-financial data that had to be checked as well. Is that correct?

Senator WONG—When is it usually released—the annual report?

Mr Beale—We try to release it soon as we possibly can. Can you answer that, Max?

Senator WONG—We usually would receive them around October, wouldn't we?

Mr Kitchell—Yes, this would be a little later than normal, but not significantly later.

Senator WONG—Seven months.

Mr Kitchell—I would have to check to see on what dates the previous ones have been issued.

Senator WONG—As a matter of interest, in this year's ministerial statement is there any particular reason why the NAP and NHT funds were conflated in terms of figures? On page 44, Mr Glyde.

Mr Beale—I think the Senator said 'conflate'.

Senator WONG—Yes, I did not say 'inflated'—conflated.

Senator Troeth—I was worried there for a moment.

Mr Glyde—So you referred to page—

Senator WONG—44.

Mr Glyde—Are you referring to the fact that they are laid out at the very top of the chart in one lot? Previously they were dispersed within the table, and in an effort to improve clarity we have put them all at the top there.

Mr Beale—I would like to add to that, and Mr Kitchell will tell me if I am wrong. My understanding is that in any case the board has not as yet made decisions around a number of these activities in relation to 2003-04. When they do, they will affect some of the line items that are shown below the NHT, NAP line—for example, biodiversity.

Mr Kitchell—Yes, that is so. Even though they are aggregated in total in the appendix we are all looking at, they are disaggregated insofar as you can identify the amount which goes to the NAP—\$62.1 million—and the amount which goes to the four programs of the trust, which, in total, add up to \$250 million.

Mr Beale—In relation to the Natural Heritage Trust, at least, we did take a similar approach last year. That is on page 59.

Senator WONG—Yes, but it was easier to sit down and say, ‘We know exactly how much you are spending on NHT.’ Essentially, the document you tabled today deals with that issue. I would like to clarify something. You said you have spent \$170 million to date in this financial year. Are you able to give us a list of those projects, the cost of each of those projects and the date on which the expenditure was made?

Mr Kitchell—We can do that, but we clearly cannot do it now. We will take that on notice.

Senator WONG—Take that on notice for the current financial year.

Mr Kitchell—Up until the 28 May, which I gave you the figures for?

Senator WONG—That is fine. That is pretty good—a couple of days ago! So I would like an itemised list of all projects approved and paid for in the current financial year, the cost of each of those projects and the date on which payment was made.

Mr Kitchell—That will involve 1,000 or more individual Envirofund projects, and it might be a challenge for us to individually nominate those. Some of them are quite small—less than \$1,000 in some cases. Would it be possible to aggregate those?

Senator WONG—In relation to Envirofund, perhaps you could provide that list of projects by federal electorate.

Mr Kitchell—Yes, I think we can do that. So you mean aggregate the Envirofund projects by federal electorate but not identify projects individually?

Senator WONG—That is right.

Mr Beale—Only up until 28 May?

Senator WONG—Yes. Does the minister make the final decision about project funding under Envirofund?

Mr Kitchell—The ministers make the final decision.

Mr Beale—It is the NHT board.

Senator WONG—It seems unusual to me that there has been no revision whatsoever in this year’s budget papers between allocation and revised actual expenditure.

Mr Beale—Why is that, Senator?

Senator WONG—Because you have had such significant revisions on past occasions.

Mr Beale—The recent past is always the best guide to current performance. I refer you to last year’s figures.

Senator WONG—Yes. Was a view sought from Treasury or DOFA regarding the maintenance of precisely the allocation amount as the revised actual estimate?

Mr Beale—No. I seek my view on what that should be from Mr Kitchell, who is the Chief of Operations for the Natural Heritage Trust and the Principal Financial Manager. There has been a very pointed effort to ensure that our performance across both departments increases quite sharply in terms of our estimation of expenditure and then our actual expenditure. At times it is a bit difficult. This year quite a few funds will be flowing towards the end of the year, when you have problems of finalising bilaterals or interim bilaterals with states which are not prepared to accept, initially at least, the important improvements in natural resource management that the Commonwealth was insisting on as part of NHT2. We believe that we will be in a position to satisfactorily complete all of those so that the funds that we have been holding back can flow.

Senator WONG—In addition, I assume therefore that you have a view that you will spend approximately \$80 million on projects in the next month.

Mr Beale—That is correct.

Senator WONG—I presume those projects have already being considered.

Mr Beale—Yes. We have projects that we have identified that are on the slipway, with the last chock to be kicked out as soon as the agreements come from the states. If any of those agreements look like they are not coming, we also have fallback projects that have been approved. This is part of that pattern.

Senator WONG—I understand what you are saying. Are you able to provide any documentation associated with those or is that difficult, given the decision?

Mr Beale—I could take that on notice and ask the ministers but it would not be normal to—because it would obviously disappoint people if the projects did not come through.

Senator WONG—Are you able to perhaps tell me, without identifying the projects, how many projects are subject to this process—that is, are in the pool for the \$80 million?

Mr Beale—We have been very eager to get funding allocations out to regions which have been working on their plans. Much of that \$80 million would in fact flow, as soon as the states agree, through to regions which have submitted and had plans examined and are ready to roll. Is that correct, Mr Kitchell?

Mr Kitchell—Certainly tens of millions of dollars would go to the regions.

Senator WONG—Mr Beale, I think you said before that, in an effort to ensure that you did not repeat what occurred in the earlier parts of the NHT program, you would in fact look at overapproving, in a sense. Is that correct?

Mr Beale—Yes.

Senator WONG—What happens to the projects that are not funded but are approved?

Mr Beale—When I say ‘overapprove’, there are two dimensions to this. One is to understand that a certain proportion of projects that are approved will run slow. For example, had we approved a lot of tree planting projects earlier this year, the communities could have said to us, ‘There’s not a lot of point planting trees in this climatic circumstance; therefore we’re not going to call the money down.’ It is overapproving to allow for the slippage in expected expenditure rates, so the cash movement or the incurring of the expenses is slower.

It is also overapproving in the sense of having a shelf of projects that are ready to go, if any of the projects that have already been approved either fall over or look like they are expending slower.

Senator WONG—What is the total value of projects currently approved but not funded that fall into the category that you are talking about?

Mr Beale—I think the total value of projects approved is in the order of \$277 million.

Senator WONG—For which time frame?

Mr Beale—In other words, it is significantly more than \$250 million that we have available. Is that correct?

Mr Kitchell—Yes, that is right.

Senator WONG—What was the figure?

Mr Kitchell—It is \$277 million.

Senator WONG—Is that \$277 million for the current financial year?

Mr Kitchell—That is right.

Senator WONG—So you have approved \$27 million in addition to your budgeted allocation on the assumption that there will be some slippage?

Mr Kitchell—Yes.

Mr Beale—And that is what we had failed to do in these earlier years.

Senator WONG—Has there been any discussion about using NHT funding to fund the land clearing agreement that we discussed yesterday?

Mr Kitchell—I think Mr Bamsey said yesterday that the nature of the funding would not be decided until and unless the agreement had been entered into.

Senator WONG—Has there been any discussion about the possibility of using NHT funding for that purpose?

Mr Kitchell—I think Mr Bamsey said yesterday that the possibility of using GGAP had been discussed and that the possibility of some NHT moneys has been discussed as well.

Senator WONG—Has the issue of NHT funding been the subject of advice from you to the minister?

Mr Beale—Yes.

Senator WONG—When did that occur?

Mr Beale—I think it has probably been the subject of a number of advices. We certainly would not resile from the view that there are biodiversity and other natural resource management interests to be protected through successful agreement with Queensland and that these would attract NHT funding as part of an overall funding package. But, as Mr Kitchell and Mr Bamsey have said, when we have the shape of whatever agreement is finally reached, then we will be in a position to know precisely how to distribute it between NHT and greenhouse funds and we will also have a much better idea of the time dimension for the flow of those funds. Is that fair?

Mr Kitchell—That is fair. We have certainly advised Queensland that the amount of trust funds they have been indicated will be available through the regional stream will not be affected by any payments as a result of the prospective agreement on land clearing.

Senator WONG—Is the Queensland land clearing amongst the projects included in the \$277 million?

Mr Kitchell—No, it is not.

Senator WONG—Remind me of who the NHT board comprises, Mr Kitchell.

Mr Kitchell—Dr Kemp and Minister Truss.

Senator WONG—Has the issue of utilising NHT funding to fund the Queensland land clearing agreement been discussed at the NHT board?

Mr Kitchell—I do not think it has been discussed at the board. It has certainly been discussed by both ministers but not formally at a board level.

Senator WONG—Are you aware of when it was discussed by both ministers?

Mr Kitchell—As Mr Beale has said, it has been the subject of discussions with Dr Kemp on a number of occasions, and I would not know what they were, and with Minister Truss, and I could not tell you what they were.

Mr Beale—Senator, we have those figures you were looking for. If I can get a few more copies run off would you be happy if I sought permission to table it.

Senator WONG—May I have a look at it?

Mr Beale—Yes.

CHAIR—Mr Beale, what is the nature of this?

Mr Beale—The minister requested—

Senator WONG—I am a senator.

Mr Beale—I am sorry, the senator—humble officials have this difficulty, Mr Chairman, where they are always trying to remember who they are addressing.

Senator WONG—We are less important.

Mr Beale—These figures are the estimates and the actuals of EA-AFFA expenditure in the environment area going back to 1999-2000. It sets out the differences and then it indicates whether the differences occurred in the NHT or the NAP. It is a simple tabular form which is handwritten, unfortunately.

CHAIR—That it is handwritten will add to the veracity of it, Mr Beale. Is it the wish of the committee that the document be tabled? There being no objection, it is so ordered.

Mr Beale—I think it is being photocopied now.

Senator WONG—I would like to go back to the document. After this I will probably move to NAP, Mr Beale.

Mr Beale—I am sorry?

Senator WONG—When that document is available we can go through that. I do not think I will have any more questions on NHT, but I will move to NAP.

Mr Beale—NAP questions are normally dealt with in the AFFA estimates. We normally deal with the NHT. I am happy to take some NHT questions.

Mr Kitchell—I am happy to take some broad questions, but the NAP moneys are appropriated through the AFFA portfolio.

Senator WONG—Yes, I appreciate that.

Mr Kitchell—But we will answer what we can in generalities.

Senator WONG—Mr Beale, what happens if you run out of funds in terms of approved projects? You are overapproved on the assumption that there will be some slippage. What do you do?

CHAIR—The short answer is you don't, of course!

Mr Beale—Usually, in overapproving, you try to make sure that you have some ability to slow cash movements if necessary between financial years. This is not a circumstance we have had to face yet. It is a financial risk management. In the past we were terribly conservative, in the sense that we never ran the risk of running out of money towards the end of the financial year. As a result of that, we continuously underexpended. I have been pushing my staff to go the other way around—that is, to get to the point where they might have to manage cash flows very tightly towards the end of the financial year. This is the same as any other program or appropriation or indeed departmental appropriation for the running of the department.

CHAIR—In other words, you manage on a 13-month cycle rather than a 12-month one?

Mr Beale—Yes.

Senator WONG—The figures I had differed a little from the table that Mr Beale has provided. So what will happen if a project is approved and you have run out of your \$250 million? Will you go over your budgeted allocation or will you just shift it into the next financial year?

Mr Beale—We would shift it into the next financial year. We have tried to make sure that enough projects are set up in such a way that we could do that.

Mr Glyde—I wonder if I could clarify part of an earlier answer that we gave in relation to the chart that prompted the table. I think we were saying that, in the years prior to about now, there were actual outcomes. What is in the table are the estimates we make at this time of the year for EA and AFFA expenditure. So what you are comparing there is like with like. If we were to put in actuals each time, because of the vagaries of estimates sometimes not being quite right, you would not get an accurate comparison. So what these are showing is repeatable figures back to 1995-96 for what we estimate to be the expenditure in the coming financial year at this time of the year.

Senator WONG—Yes, I understand that. I pointed out, for example, in 2000-01 that the estimated actual expenditure was in fact higher than the actual expenditure as recorded in the annual report.

Mr Glyde—That is correct. By our calculations, it is about \$121.7 million. If you like, we could try to explain some of the differences there, if that was where you wanted us to go.

Senator WONG—What was the original commitment in 2001-02 for the NAP?

Mr Kitchell—The original commitment for expenditure in that year or the commitment for anticipated expenditure for this year?

Senator WONG—No, in that year.

Mr Kitchell—I do not have that with me.

Senator WONG—It is in the 2001-02—

Mr Beale—As I indicated earlier, the responsibility for the aggregate level of NAP expenditure—the appropriations—lies with our colleagues in AFFA. I think these matters were examined yesterday or the day before.

Senator Troeth—We have been through that program earlier in the week, in the agriculture portfolio.

Senator WONG—Yes, I am aware of that. It is the case that there is a significant shortfall—

Mr Beale—I can ask my staff to provide answers in relation to any elements that the environment department was administering as a result of the transfers of funds that occurs to us, to the extent, this year, of about \$1.8 million under the NAP, but I feel very reluctant to ask them to answer any questions of a broader nature on a matter that my colleague Mr Taylor is responsible for.

Senator WONG—What is the total NAP funding allocation to your portfolio for this financial year?

Mr Beale—My recollection is that \$1.8 million direct revenue has been provided to us and then we effectively get some access to NAP funds held within the Department of Agriculture, Fisheries and Forestry. Is that correct?

Mr Kitchell—That is right.

Mr Beale—We have a role, which is the critical thing, in the integrated catchment plans for the 21 NAP regions to ensure that the environmental values also are protected.

CHAIR—Senator Wong, you have been asking these officers questions about matters in another portfolio.

Senator WONG—I am moving off this—if you would just let me finish the question. Have officers of the department been involved in recent consultations with environment groups or other stakeholders regarding the NAP?

Mr Beale—The department is involved in consultations, together with our colleagues in AFFA, and we have set up a joint team to run a whole range of programs at a regional level and even at a national level through the Natural Resource Management Ministerial Council, which drew together some 200—or was it less than that?

Mr Kitchell—The community forum brought together 140 stakeholders, I think.

Mr Beale—They brought together the chairs of all of these regional bodies—both NAP and NHT—along with conservationists, representatives of local government, farmer interests and, very importantly, Indigenous people. Community capacity building at the regional level, the state level and then providing national forums we see as being a tremendously important part of what we hope becomes a revolution in the way in which we manage natural resources in Australia, which is why it takes time and why we have to get the right sorts of agreements in place.

Senator WONG—The Prime Minister has indicated that water reform is a priority for the government. Can you direct me to any aspect of this year's budget that provides new funding in relation to salinity or water quality?

Mr Beale—Again, my colleague in AFFA, Mr Taylor, is formally responsible for water. He is—

Senator WONG—I am asking you in relation to the environment portfolio.

CHAIR—We appreciate that, Mr Beale. If you believe that it is outside your portfolio you do not have answer any questions.

Senator WONG—I am asking in relation to the environment portfolio, Chair.

CHAIR—I understand that, but, if Mr Beale believes that it is outside his portfolio, he does not have to answer.

Senator WONG—I think he is quite capable of protecting himself without you doing it, Senator Tchen.

Mr Beale—The very big and important issues the Prime Minister was talking about are fundamentally my colleague's responsibility, although we obviously have a very close interest in them and I try to assist him in that regard. In relation to our direct expenditures on water, they tend to focus on wetlands, for example, and on environment protection matters.

Senator WONG—The question, Mr Beale, was whether there was any new funding for water quality in the environment portfolio.

Mr Beale—Yes, there certainly is. We talked yesterday with Senator McLucas about the money. There is \$8 million—we hope \$16 million with that of Queensland—for protecting wetlands and, therefore, the water quality entering the Great Barrier Reef lagoon. That is one direct example. Secondly, in relation to the new policy that we described yesterday for the urban environment, there are funds provided to support movements towards water efficiency labelling and other standards for equipment, like washing machines, dishwashers and so on. We are also funding, jointly with the states, the examination of water reuse guidelines. This was a decision made just last week under the EPHC. That will similarly be funded from those additional allocations. Now that I have explained the breadth, perhaps my colleagues have found the numbers.

Mr Kitchell—In terms of water quality, the Prime Minister, when he announced the extension of the Natural Heritage Trust, indicated that \$350 million of the extra \$1 billion would go directly to projects that directly benefited improved water quality. So, over the period of the second phase of the trust, there would be an additional \$350 million directed directly to that purpose.

Senator WONG—When is the second phase?

Mr Kitchell—This is the first year of the second phase.

Mr Glyde—In relation to the urban water quality aspects that Mr Beale mentioned, there are two items: one is a water efficiency labelling scheme and minimum standards for household appliances of \$2 million over four years, which is new; and a \$1 million program over four years for improving water quality in local government areas.

Senator WONG—So it is \$3 million.

Mr Glyde—Yes.

Senator WONG—Plus the previously announced commitment on NHT.

Mr Beale—Plus those very large amounts of money that are being spent on salinity and water quality about which we cannot really answer questions because they are in the AFFA portfolio.

Senator WONG—If you were to answer questions, we could talk about how that has been rephased and underspent as well, but that is not your portfolio area, I understand, so we are not going to have that discussion now.

Mr Beale—I cannot assist you.

Senator WONG—Coming back to the handwritten table that you provided me with, Mr Beale, I am a little confused. Are you combining the total Commonwealth environmental allocation as between EA and AFFA or are you disaggregating them?

Mr Beale—Can I ask my colleague who did the work to answer.

Senator WONG—I hope you ignored my annotations, Mr McInerney.

Mr McInerney—I did, Senator. The figures at the top of the table that we provided—the estimate and the actual—are taken directly from the blue books, and they are the combined environment spending for Environment Australia and AFFA. The next line is self explanatory: it is the difference between those two. In those last two lines I was attempting to give some feeling for where the differences actually come from. The NHT lines and the NAP lines are the differences in spending, bearing in mind that I do not have the figure for 2000-01 for the national action plan.

Senator WONG—For 1999-2000, I thought the estimate was \$1.6 billion. I am looking at page 33 of the 1999-2000 CEE.

Mr McInerney—There was a corrigenda issued that year—in fact, if you look at your book, the handwritten figures in there are the corrigenda figures. There was a mistake made that year which we corrected not long after publication. So \$839 million is the correct figure.

Senator WONG—Did the minister still announce \$1 billion worth of funding? Then we go to the 2000-01 financial year. The estimate was \$1 billion and the actual \$882 million. Is that right?

Mr McInerney—Yes.

Senator WONG—In 2001-02 the estimate was over \$1 billion while the actual was \$934.8 million—about \$935 million. Is that right?

Mr McInerney—Yes.

Senator WONG—So these bottom lines are in fact the underspend—is that right?

Mr Glyde—That is correct.

Senator WONG—And then for 2002-03, estimated expenditure was \$959.7 million and actual expenditure was \$934.8 million. So on what basis is the minister suggesting that \$957.6 million, which is in fact the lowest figure for four years, is a record spending? I do not know whether Senator Troeth wants to answer that. To assist you, Minister Kemp put out a budget release on 13 May 2003 which stated that Commonwealth spending in the environment and agriculture portfolios on environmental activities would be a record \$957.6 million next financial year.

Mr Glyde—There we are talking about the outcome. As you pointed out, the actual outcomes in previous years were \$770 million in 1999-2000, \$882 million in 2000-01, \$935 million in 2001-02—

Senator WONG—Goodness me! It is not exactly comparing apples with apples, is it, Mr Glyde?

Mr Glyde—What we are saying is that this is—

Mr Beale—You have noticed how, in recent years, we have gone through the NHT, and the outcome has in fact been equal to the estimated budget. We intend to and believe we are going to spend this amount of money. I am certainly very clear about it as far as the NHT is concerned and I am sure Mr Taylor is clear about the NAP. On that basis the planned expenditure for this year's budget, compared with those actuals, is a record. Is that right?

Mr Glyde—That is right.

Mr Beale—Absolutely.

Senator WONG—No, it is not. We are looking at the estimated figures—

Mr Beale—No—

Senator WONG—Let me finish, Mr Beale. Would you agree that this year the government's budget allocation to environmental expenditure across the two relevant portfolios is the lowest in four years?

Mr Beale—I am comparing the—

CHAIR—Sorry, Mr Beale. Senator Wong, if you are disputing the minister's statement, perhaps you should direct the question to the minister.

Senator WONG—I am asking Mr Beale to confirm the figures.

CHAIR—I would have assumed the minister was talking about a record for this government compared with previous governments.

Senator WONG—If you look at the figures, Chair, you might see what I am asking.

CHAIR—I understand what you are asking. You are questioning a departmental officer about a media statement by the minister.

Mr Beale—I will respond, Chair.

Senator WONG—I have not finished asking the question, actually. Would you agree, Mr Beale, that the figure that is in this budget for environmental expenditure across the AFFA and EA portfolios is the lowest figure for four years in terms of estimated actual expenditure?

Mr Beale—We know what the actuals have been since 1999-2000. You have in fact assisted us to focus very closely on those. Let me read them out: \$770 million, \$882 million, \$935 million, \$934.8 million and, in this year, we plan to spend \$957.6 million. That has to be, therefore, the highest figure for expenditure—EA and AFFA—on environmental matters. That is probably what the minister was referring to in his press release.

Senator Troeth—Could I also refer you to chart 1.3 on page 6 of Dr Kemp's budget statement, which bears out the figures that Mr Beale has just quoted. That is the combined expenditure for AFFA and Environment and Heritage.

Senator WONG—I understand that.

Senator Troeth—That chart bears out the figures that Mr Beale has just quoted.

Senator WONG—What we are talking about is what decision the government makes to allocate funds. Mr Beale, in terms of budget allocation, not in terms of what you actually ended up spending—because we have agreed that you underspent for a number of years, and I appreciate that your department is making efforts to alter that particular issue—would you agree that the actual budget allocation by the Commonwealth on environmental expenditure this year is in fact lower than in the past three years? The figures speak for themselves. It is not an unreasonable concession to have to make.

Mr Beale—Can I take you to what the minister actually said?

Senator WONG—I am asking a question.

Mr Beale—And I am providing an answer. The minister said:

Spending by Environment and Agriculture portfolios ... on environmental activities has more than doubled ... to a record \$957.6 million next financial year, an increase ... since 1995-96.

The minister was talking about spending, and spending will be at a record this coming financial year—at least I can say it with great confidence for my portfolio—because we now believe we have the ability to manage those cash flows. I do not think I can add very much more on that issue.

Senator WONG—I am just asking about one issue. I appreciate the spending answer, but the budget allocation as set out in the budget papers for this year is less than for the last three years.

Senator Troeth—I have just indicated that if you look at chart 1.3—

Senator WONG—You are not listening to the question, Minister.

CHAIR—Senator Wong, would you please let the parliamentary secretary finish.

Senator Troeth—you will see that, if you are looking budget funding.

Mr Beale—Mr Chairman, the senator has made a statement. I was coming back to my answer. In her initial question, the senator related it to the ministerial press release. While it is not a matter that you would normally try to draw public servants on, I was going back to the

minister's press release and pointing out that that talked about spending. If you talk about spending, you think about comparing actuals with plans. That was the burden, the thrust, in fact the completeness of my answer to the senator's questions.

CHAIR—Thank you, Mr Beale.

Senator WONG—In terms of the table you provided, though, wouldn't you agree that over \$1 billion was budgeted for the environmental expenditure of the Commonwealth in 2000-01 and 2001-02, and \$959.7 million was budgeted last year. They are your own figures, aren't they?

Mr Beale—They are the figures from the paper.

Senator WONG—And all three of those figures are more than the amount that is currently budgeted for—

Mr Beale—Can I come back to what the minister said?

Senator WONG—I am not asking about the minister.

Mr Beale—You started on that track.

Senator WONG—I am asking you to confirm a simple statement of fact, that those figures are more than the current budgeted allocation for environmental expenditure for this financial year, regardless of what the minister said.

Mr Beale—Senator, you and I have both drawn those from the budget paper, yes.

Senator WONG—Thank you. Can we move now to the Murray-Darling.

Mr Beale—The Murray-Darling is generally not a matter for my portfolio. That is the responsibility of the Department of Agriculture, Fisheries and Forestry.

Senator WONG—Do you have any involvement at all in the MDBC?

Mr Beale—We do. We have a deputy commissioner relationship, but we do not handle the Murray-Darling appropriations and we are not the responsible portfolio. In fact, I do not think I have Mr Hunter, who is my deputy commissioner, with us today because he is off at a land, water and biodiversity meeting.

Senator WONG—Is the department's input into the MDBC purely through your deputy commissioner, or do you also separately provide information to your minister on this issue?

Mr Beale—The minister is a member of the Murray-Darling Basin council as well. We advise the minister, and we participate as the second member for the Commonwealth on the MDBC.

Senator WONG—So you obviously have some knowledge of the functioning of the MDBC.

Mr Beale—Yes.

Senator WONG—What was the MDBC's original timetable for a decision on returning environmental flows to the Murray?

Mr Hooy—There was no specific timetable set out. The ministerial council had asked the commission to come forward with the proposal looking at the whole issue of enhanced environmental flows in October this year.

Senator WONG—Was there not a previous decision to consider the issue in March?

Mr Hooy—In March 2001 they had initially asked the commission to prepare an options paper looking at environmental needs. In April 2002 they asked the commission to look at three reference points for return of environmental flows to the River Murray and to bring forward a report on those reference points in October 2003.

Senator WONG—At how many meetings of the MDBC has the issue of environmental flows been discussed?

Mr Hooy—In terms of intense discussions, they would probably have started in that March 2001 meeting, but environmental flows have been an issue of commission discussions probably dating right back to the commencement of the Murray-Darling Basin Commission.

Senator WONG—Is there any suggestion from the Commonwealth that the decision as to environmental flow levels is likely to not occur at the November meeting?

Mr Beale—This is a critical decision for Australia. It is a critical decision for all the people who live in the basin; it is a critical decision for the environment of the basin and for the industries.

Senator WONG—I think the people in South Australia are pretty keen about it too.

Mr Beale—Absolutely. I am including South Australia in that context. What the commission needs to do is to establish the science in terms of environmental flows—that is, which environmental features in terms of water quality and in terms of the particular wetlands and particular areas of the river have the highest priority for protection—and then to develop, in a sophisticated way, an understanding of how water can be directed to those particular areas. In addition to that, community engagement is enormously important and it is enormously important to understand the financial and industry development implications of these flows.

We expect that at the November meeting the council will be able to look at a proposal for a first-step decision that will deliver measurable and integrated ecological, social and economic outcomes. That is what we would hope to be considering in November. That will be a very important first step; it is a terribly complex process.

Senator WONG—I am very conscious of the time, Mr Beale, and, whilst I do not want to cut you short in terms of the very important things you are saying, I do not think there is any disagreement with that. Is the view that there should be an interim first step an official government position?

Mr Beale—I believe that is what the council directed the commission to bring to its meeting in November so that they could consider the proposal. The Commonwealth chairs the council, and therefore you could assume that that is consistent with the Commonwealth's views of an appropriate next stage of the consideration. Is that correct, Mr Hooy?

Mr Hooy—That is correct.

Senator WONG—Mr Hooy, are you aware of the recent budget decision of the South Australian government to impose a ‘save the Murray’ levy on consumptive water users in South Australia?

Mr Hooy—Yes, I have read about that.

Senator WONG—Does the Commonwealth have any response to that?

Mr Beale—I do not think it would be appropriate for Mr Hooy to respond to that. I think that is the kind of general water policy issue that would fall within the AFFA portfolio.

Senator WONG—We had some discussion yesterday about the reduction of staff at the AGO and also at Parks Australia. Is there also a reduction in staff contemplated for EA itself?

Mr Beale—I indicated in my opening statement that there will be a reduction of some 63 in average staffing levels across the department.

Senator WONG—Is that on top of the 16 at Parks Australia?

Mr Beale—Mr Anderson is head of the personnel and information areas of the department. He is probably the best person to answer that.

Senator WONG—So the 63 does not include the Parks Australia reduction or the AGO reduction that we discussed yesterday?

Mr Anderson—That is correct. The 63 refers to the core department. We identified yesterday a reduction of 16 for Parks Australia, which is in addition to the 63 for the department.

Senator WONG—Have those staff been identified?

Mr Anderson—Not as such. We are looking at the impact on each of the divisions at the moment. That is a little tied up with the restructure as well. Each program area is looking to make some indicative cuts where it is appropriate. It is a combination. The reductions flow from some programs that have been completed, some revised delivery arrangements, the impact of technology and reductions in corporate overheads. So it is a mixture in terms of how we actually generate that saving of 63 positions.

Mr Beale—It is a saving of average staffing levels through the year. It is 63 person years on average over the year. Is that correct, Mr Anderson?

Mr Anderson—Yes, that is correct.

Senator WONG—Have you identified the areas in which staff will be reduced?

Mr Anderson—As I just indicated, each program manager will be looking at their budget allocation in terms of the priorities identified for them by the minister. They will be looking at the staffing impact.

Mr Beale—This is an estimate, not an objective. We believe that this will be the outcome.

Mr Anderson—That is correct.

Senator WONG—When is that process likely to finish? What is the timeline?

Mr Anderson—It is an ongoing process. In fact, the department has already achieved 40 of the target reduction of 63.

Senator WONG—I am sorry?

Mr Beale—Mr Anderson said that, if we look at the numbers of people now in the department and if they were to stay steady for the year, 40 of the 63 ASL has already been achieved.

Senator WONG—Through what?

Mr Beale—Through natural turnover.

Senator WONG—From which areas have those people come?

Mr Anderson—They are spread right across the department. We have a significant churn rate in the department. We have about a 20 per cent churn rate and about 80 to 100 people on non-ongoing contracts that terminate progressively through the year. The relevant program managers would make judgments as to whether they would need to continue contracts that are expiring, looking at priorities for the coming year.

Senator WONG—Do I understand from your evidence then that you only have to find 23 more?

Mr Anderson—That is correct. That is for the core department—separate from the park service.

Senator WONG—The process of identifying them is to be finalised by when?

Mr Beale—It probably will not be identifying them as such. Mr Anderson has indicated that, because of the project nature of a lot of the work that we do, we tend to have a higher proportion of staff engaged on short-term projects than elsewhere, so it will be at least sometimes fortuitous that a project will come to an end and we will simply not re-engage another short-term employee. It is not necessarily identifying people who are going to go. We will do everything we can with our permanent staff to find them ongoing spots.

Senator WONG—AGO and Parks identified that there was a timeframe by when they were required to achieve these staff reductions. Are you saying there is no timeframe for EA?

Mr Beale—We are going to maintain an average staffing level over the year that is 63 lower, on best estimates, than we have now. If we are going to achieve that it is better that we start the financial year pretty close to that point, otherwise we will have to dip further down.

Senator WONG—The coming financial year?

Mr Beale—Yes, the coming financial year.

Senator WONG—Potentially, that would mean finding an additional 20 positions in the next month.

Mr Beale—In the next several months. The later in the year you find the positions, the lower you have to dip in terms of actual bums on seats during the year.

Senator WONG—What is the rationale for the staff reduction?

Mr Beale—We have had a very close look over the last six months at the way in which our funding patterns have changed. We have looked at the forward estimates very closely and we came to the conclusion that we needed to sharpen our focus in the department on what one could call the big ticket environmental changes. There is much less emphasis on these smaller

project based activities I just referred to, and a much larger emphasis on changes like the national fuel standards or the ambient air quality measure or these devolved regional grants processes. Those make big differences to the environment but they do not need as many individual staff numbers to deliver. We restructured from the top down. I have taken out one deputy secretary position and, over time, one division and four branches and so on down the organisation. This is not something where I am just cutting at the bottom of the organisation; it is a refocusing of the organisation to sharpen its attention on the big ticket issues. The Commonwealth gets a lot of leverage and a lot of environmental gain, not from a lot of little projects but from a bigger focus on changing the world.

Senator WONG—Has the operational budget for EA remained static or has it grown?

Mr Beale—The operational budget would normally be spoken of in terms of what are called departmental appropriations.

Senator WONG—Yes, the departmental appropriations.

Mr Beale—Those appropriations are up slightly, as I recall, but in a number of those appropriations we will focus on particular projects. For example, Mr Glyde was just talking about the water guidelines project. As I recall, that is a departmental appropriation. The numbers are up but, given what we want to do, we will be spending somewhat less on staffing once you allow for the increases built into our certified agreement. We will spend more money on staffing, but we will have slightly fewer staff.

Senator WONG—Given that these staff changes arise perhaps from a reprioritisation of EA's role and agenda, what areas would you identify as requiring less staff? In other words, in terms of which areas would you say, 'Look, they are not as high a priority so we will be taking staff out of them and focusing elsewhere'?

Mr Beale—I gave what I think is quite a good example. We did lots of very good work in industry partnership programs and local area demonstration programs. They were individual projects and agreements looking at particular areas of industry operation. We will not be putting as much money or staffing effort into that area in future. Instead, those staff will be focusing more on the big ticket items such as fuel standards, the water quality guidelines, the ambient air quality guidelines and a new NEPM for toxics. The sense of shift is from lots of small, very worthwhile and very good projects, which were relatively high cost per change delivered, back upstream to things that have a bigger impact.

Senator WONG—What other areas?

Mr Beale—That is one example. Another example is where we reworked our natural resource management areas. We have again focused tightly there on two divisions. One is a natural resource management operations division, which Mr Kitchell will be heading as chief of operations, and that is precisely to drive the changes we were talking about before on budgeting, financing, programming and getting integrated regional delivery. We pulled back from the 21 separate programs we had under the old NHT to the four care programs distributed through integrated regional plans. That enables you to bulk up the approvals within plans. On the other side of it, we will have a natural resource policy division which at the moment we have called Landscapes (Land, Water and Coasts) which will focus on the driving policy issues. They are two examples of the way in which we have changed.

Senator WONG—Mr Anderson mentioned a restructure, and I think you referred to it before, Mr Beale. Is the restructure based on recommendations from any review?

Mr Beale—Not an external review—it is a review that we did ourselves.

Senator WONG—An internal review. Who was the reviewer or the reviewing panel?

Mr Beale—At the end of the day, I suppose I was the reviewer.

Senator WONG—Was there an internal process of staff consultations and so forth?

Mr Beale—There has been. In fact, we are going through a very intense staff consultation process at the moment. I have addressed a number of staff meetings. The review process involved both a top down and a bottom up approach, but I personally take responsibility for the document that we pulled together and went to the minister with. Obviously some people think it is absolutely terrific and some are disappointed, but on the whole I think Mr Anderson is getting a good response.

Mr Anderson—Positive feedback, yes.

Senator WONG—Can you provide us with a copy of the review?

Mr Beale—No. I can certainly provide you with a copy of the review outcome in terms of restructure.

Senator WONG—The review outcome, yes. I was not assuming that you would give me the internal advice. The review outcome includes the recommendations, I presume?

Mr Beale—Yes.

Senator WONG—If you could provide that, that would be useful. When did that go to the minister?

Mr Beale—I have discussed it with the minister, I suppose, on a number of occasions. First of all I wanted to get straight that my understanding of where the government wanted us to go was right. Then we worked back from those objectives to the sort of thing that I can provide to you, which is the actual implications of that in terms of the structural papers. I probably would have spoken to the minister several times during that course. I think the last time was about two weeks ago.

Senator WONG—When did the brief that you referred to, in which you pulled together the top down and bottom up recommendations, go to the minister?

Mr Beale—That would have been in March, I think.

Senator WONG—March of this year?

Mr Beale—Yes.

Senator WONG—Arising out of both the restructure and the staffing cuts, are you intending to scale back any aspect of your natural resource management functions?

Mr Beale—Let me answer that in two ways: no, in the sense that I think this will really sharpen and improve our capacity to drive forward real change in natural resource management; and, yes, in that I think Mr Kitchell and Dr O'Connell will be losing some staff numbers during that process. Is that correct?

Mr Kitchell—There will be no reduction in the integrated team that delivers the Natural Heritage Trust and the national action plan across the nation, but there will be some reductions in the head office functions, if you like.

Senator WONG—Your head office?

Mr Kitchell—Really it will be from the prospective landscapes division that Mr Beale talked about, a part of which is currently in my jurisdiction and a part of which is currently in Dr O'Connell's.

Senator WONG—What sort of reduction are we talking about in your area, Mr Kitchell?

Mr Kitchell—In the Natural Heritage Division as it currently stands, 15 ASL that would be lost as a result of that.

Senator WONG—Is that only for NHT or for NAP functions as well?

Mr Kitchell—It is for neither. There will be no reduction in the funding directly attributed out of the trust or out of the national action plan. It will be in the head office policy function, if I can characterise it as that, which goes to support—

Senator WONG—I was going to say that they support and administer, don't they?

Mr Kitchell—That is so. They support the natural resource management objectives.

Senator WONG—What percentage reduction is that in your area?

Mr Kitchell—The division as it currently stands has just over 120 staff, so 15 off that would take it down to 105 or 106.

Proceedings suspended from 9.36 a.m. to 9.47 a.m.

Senator WONG—I would like to return to land clearing. How long is the current moratorium on new permits for the clearing of remnant vegetation likely to be in place?

Mr Beale—My recollection is that the moratorium was in place until agreement had been reached on the nature of the plan. It would be unwise for me to prognosticate on how long that will take.

Senator WONG—So it will be in place until the agreement is finalised?

Mr Beale—Yes.

Senator WONG—Do we have any indication of how long that might take?

Mr Beale—No.

Senator WONG—Does the moratorium cover permits for regrowth or only remnant clearing?

Mr Beale—Only remnant clearing.

Senator WONG—This might have been dealt with yesterday, but do we know the proportions of remnant and regrowth clearing?

Mr Kitchell—The long-term average over the five years, for which you were given figures yesterday, is two-thirds remnant and one-third regrowth. For the last year for which there are figures, the proportion was 60 per cent remnant and 40 per cent regrowth.

Senator WONG—Are they 1998 figures?

Mr Kitchell—No. I think the last figures were for 2000-01.

Senator WONG—And that was 60 per cent remnant.

Mr Kitchell—It was 60 per cent remnant and 40 per cent regrowth.

Senator WONG—Would you anticipate that that might have altered a bit, given the concerns of some landholders about the impact of potential government decisions on the moratorium?

Mr Kitchell—I would not speculate on what impact that might have had.

Senator WONG—In the minister's release there was a reference to a requirement for a substantial reduction in the clearing of remnant vegetation and greenhouse gas emissions and additional protection of the biodiversity of ecosystems. Mr Beale, has EA conducted a review of the implications of the proposed package against these three objectives?

Mr Beale—I will ask Mr Kitchell to tell us.

Mr Kitchell—Yesterday, Senator, you had a lengthy exchange with the Australian Greenhouse Office—with Mr Hunter—about the greenhouse implications, so I would not want to revisit that area. In terms of the biodiversity advantage, they are very significant. There is an immediate stop on all clearing of 'of concern' vegetation, vegetation which is called 'vulnerable' in other states but in Queensland is referred to as 'of concern'. They are areas of the highest biodiversity significance.

Senator WONG—Has EA conducted or is EA intending to conduct a review into or an assessment of the implications of the package against that objective—that is, biodiversity of ecosystems?

Mr Kitchell—We already know that this package will provide very extensive advantages for biodiversity conservation, both by protecting the most endangered ecological communities and by placing a cap on total overall clearing. It will have a very major impact.

Senator WONG—Have you actually done something in writing that assesses this or is this something you know from your knowledge?

Mr Kitchell—It is something that we know from our knowledge.

Senator WONG—Has there been any actual written analysis of the impact of the proposed agreement on biodiversity?

Mr Kitchell—There is not a single individual internal report which comprehensively assesses the impact. There are attachments to the reports which have been provided to both governments—the Commonwealth and the Queensland governments—about the socioeconomic analysis of the overall package done by ABARE and BRS. There are attachments to that about the significance of biodiversity in Queensland.

Mr Beale—Is that available on the web site, Mr Kitchell?

Mr Kitchell—I believe it is.

Senator WONG—All the reports in relation to the package are?

Mr Kitchell—Yes, I believe that is the case.

Senator WONG—Could you confirm that? If they are not available, could you provide them?

Mr Beale—We will take that on notice.

Senator WONG—Does the ‘of concern’ band include existing permits?

Mr Kitchell—No. It does not include existing permits, but permits were only being issued by Queensland for ‘of concern’ vegetation on freehold land. Without knowing now just how many of the existing permits were ‘of concern’, I would expect that it would be a minority of those. The phase-out amount, which is currently being negotiated around the 500,000-hectare figure, would not include any ‘of concern’ vegetation, so the moratorium is placing an immediate halt on any further issuing of ‘of concern’ permits.

Senator WONG—But it does not prevent the clearing of ‘of concern’ vegetation in relation to existing permits?

Mr Kitchell—That is so.

Senator WONG—You will probably have to take this on notice, but is it possible for you to provide to us some analysis as to what extent existing permits would enable the clearing of ‘of concern’ vegetation?

Mr Kitchell—We would have to go to our Queensland colleagues to get that analysis.

Senator WONG—If you could.

Mr Kitchell—We will try.

Senator WONG—The minister’s press release refers to an immediate protection of ‘of concern’ vegetation. How is that proposed to be delivered?

Mr Kitchell—It will be delivered through the moratorium. As I indicated, no further permits will be issued for the clearing of ‘of concern’ vegetation.

Senator WONG—Except that on the evidence you have given today, obviously there is no protection at all for ‘of concern’ vegetation where there has already been a permit issued.

Mr Kitchell—That is so. The permits that are issued will be honoured; insofar as they involve ‘of concern’ vegetation, they will be honoured.

Senator WONG—We are talking about ‘of concern’ vegetation, both remnant and regrowth, aren’t we?

Mr Kitchell—That is so.

Senator WONG—So in fact, in relation to both remnant and regrowth vegetation, the existing permits will still be honoured even if they are for ‘of concern’ vegetation? In other words, there would be no limitation on landholders’ ability to clear those areas?

Mr Kitchell—That is so.

Senator WONG—What are the areas of ‘of concern’ vegetation which are in fact going to be protected as a result of the package immediately?

Mr Kitchell—All of the ‘of concern’ vegetation which is not subject to existing permits would be protected by the moratorium.

Senator WONG—Only insofar as there are no further permits issued.

Mr Kitchell—No further permits will be issued.

Senator WONG—Yes. But what I am saying is that is the only protective mechanism.

Mr Kitchell—It is a very powerful protective mechanism.

Senator WONG—I appreciate that, except we have already had evidence there is 1.8 million hectares of existing permits. I am just clarifying that there is no additional proposal on the table to protect ‘of concern’ vegetation except for the non-issue of further permits. Is that right?

Mr Beale—Can I answer that in two ways. First of all, as Mr Kitchell has already outlined, ‘of concern’ vegetation is already protected on leasehold land. Many of those—

Senator WONG—Can I interpose there. That is as a result of Queensland’s previous decision, unrelated to the package, to only issue permits in relation to freehold land. Am I right?

Mr Beale—Yes, unrelated to the package but obviously related to the continuing pressure over many years from the Commonwealth under the bilaterals for the Natural Heritage Trust. That means that much of that stock of permits that have been issued which is likely to relate dominantly to leasehold, or significantly to leasehold given the proportion of leasehold versus freehold in the Queensland system, is not likely to relate to ‘of concern’ vegetation, although we cannot be sure about the numbers.

Senator WONG—Could you just explain that last sentence?

Mr Beale—Because Queensland had already prevented the clearing of ‘of concern’ on leasehold, the stock of existing permits, a significant proportion of which will be for leasehold clearing, will not relate to ‘of concern’ vegetation. So the only existing permits would be ‘of concern’ on freehold.

The second point I was going to make is that, in terms of is this the only protection in the package, the package would have a number of dimensions. One of them is the halting of the issuing of clearing permits; but the other is also, through the package, through the Natural Heritage Trust, doing positive things to protect and provide assistance for protecting ‘of concern’ vegetation.

Senator WONG—How would you do that?

Mr Kitchell—By providing positive incentives for land-holders to protect the vegetation on their properties: rather than just not clearing it, taking active measures to protect and enhance it.

Senator WONG—Is that part of the package?

Mr Kitchell—Yes, it is.

Senator WONG—I have already asked you to provide, if you are able to, some indication of what existing permits relate to ‘of concern’ vegetation and would permit the clearing of those. How long has Queensland had the policy of not issuing permits to clear ‘of concern’ vegetation other than on freehold?

Mr Kitchell—It is part of their Land Act. I think that was introduced two or three years ago.

Senator WONG—So this package provides no protection for ‘of concern’ vegetation on freehold land where there has already been a permit issued?

Mr Kitchell—Yes, that is right. As I said, all the permits would be honoured. You asked whether the package itself would provide additional protection. Of course, the moratorium is not part of the package; the moratorium is a precursor to the package. The package itself involves Queensland taking legislative action to prohibit the clearing of ‘of concern’ vegetation on freehold land. So if the package was to be agreed there would be a legislative ban, not a temporary moratorium, on the clearing of ‘of concern’ vegetation.

Senator WONG—Other than in respect of existing permits. It is not suggested that the package would protect ‘of concern’ or remnant vegetation—I appreciate that those two categories may overlap—in relation to existing permits, would it?

Mr Kitchell—That is so.

Senator WONG—In terms of the steps involved in the process, does that mean that, before the Queensland legislation was amended in the manner you have outlined, ‘of concern’ vegetation on both leasehold and freehold could be cleared?

Mr Kitchell—Before the Queensland legislation?

Senator WONG—Yes.

Mr Kitchell—Yes, that is right: there was no outright ban on its clearing before that. There would have been individual assessments done on individual properties which might have resulted in some ‘of concern’ vegetation not being able to be cleared, but there was not an a priori ban on them.

Senator WONG—Just to clarify in terms of your answer, permits would still exist which relate to both leasehold and freehold that enabled the clearing of ‘of concern’ vegetation.

Mr Kitchell—They would not on leasehold land but they would on freehold land, but just in what quantity I cannot tell you. That is the answer I will try to get to you from Queensland.

Senator WONG—In relation to leasehold, they may still exist if there was a permit in existence prior to the alteration of Queensland’s approach to this, though?

Mr Kitchell—That is so. They would need to be quite lengthy permits, but that is a possibility.

Senator WONG—Are there any other proposals to protect the biodiversity of ecosystems from land clearing, other than the moratorium that you have described?

Mr Kitchell—In Queensland, or elsewhere?

Senator WONG—Yes, in Queensland.

Mr Kitchell—There is range of programs both that Queensland itself runs and that we manage through the Natural Heritage Trust which have positive effects on biodiversity, such as threatened species programs, sustainable agriculture programs, water programs—there is a whole range of them that have positive impacts.

Senator WONG—And those are national programs as well; we would not just be talking about Queensland there.

Mr Kitchell—No. A number of them are funded through the Natural Heritage Trust and some would be funded independently and separately by the Queensland government.

Mr Beale—The tax concessions and the Environment Protection and Biodiversity Conservation Act itself.

Senator WONG—But would you agree that, in terms of land clearing and protection of ‘of concern’ vegetation from a biodiversity perspective, those mechanisms of themselves are not going to achieve the outcome we would want.

Mr Beale—If we could achieve an honourable and fair and effective outcome on this land clearing issue, it would possibly be the biggest single step for the conservation of biodiversity in Queensland that we could take. The second biggest step would be the water quality for the Great Barrier Reef. If by the end of this year those two things are secured, they will be of great advantage to the conservation of biodiversity.

Senator WONG—The land clearing is the most important issue, isn’t it, in terms of biodiversity?

Mr Kitchell—All of the expert opinion that has been reflected in state of the environment reports both at the national level and at the individual state jurisdiction level, as well as the recently released national land and water resources biodiversity audit and the PMSEIC report on biodiversity, have, over a long period of time, identified broad-scale land clearing as being the most significant detrimental effect on biodiversity. As Mr Beale indicated, if we were able to reach a balanced and honourable solution in Queensland, in the way that we have now been able to in every other state of the Commonwealth, you would remove that most significant threatening impact to biodiversity across this nation.

Senator WONG—So we had better get it right.

Mr Kitchell—We are trying our hardest to get it right for all parties.

Senator WONG—Mr Beale, you raised the issue of reef water quality. Won’t regrowth clearing in reef catchments also impact on water quality?

Mr Beale—Clearing is not necessarily—

Senator WONG—Potentially impact.?

Mr Beale—It can potentially impact. The key issue in the reef is to manage riparian zones effectively to avoid overstocking in dry periods in grazing country, and to manage wetland systems and fertilise applications in riparian zones in cane country. Again, it is terribly important that the community is part of developing those processes. We have been very pleased with the cooperation between the marine park authority, Queensland state officials, Commonwealth officials and local communities as we tackle that.

Mr Kitchell—I would like to add to Mr Beale’s response in relation to the NAP bilateral agreement for Queensland and every other state. There has been an agreement that they would prohibit land clearing where that would have an adverse impact on land degradation or water quality. So insofar as there might be prospective clearing in the catchments that feed to the

reef which would adversely impact on water quality, there is already an agreement in place that that clearing would not proceed.

Senator WONG—Is that going to be part of the agreement with Queensland?

Mr Kitchell—It is already part of an agreement with Queensland.

Senator WONG—But is there any legislative or other legal impediment in place to persons engaging in such clearing?

Mr Kitchell—Within the Queensland act, they have the capacity to nominate special areas that are subject to land degradation which would not be able to be cleared.

Senator WONG—How much of the reef catchment area has already been cleared?

Mr Kitchell—I would have to take that on notice.

Senator WONG—If it is a significant amount, one would think that the failure of this agreement to place any limitations on regrowth clearing is unfortunate.

Mr Beale—Clearly, there has been a considerable amount of clearing in many parts of the catchments that flow to the reef, but also there are huge areas of an almost pristine environment.

Mr Kitchell—Insofar as there are areas of regrowth in those areas, it is sustainable agriculture techniques that Mr Beale was referring to earlier that you would adopt.

Senator WONG—Have the reef catchments been nominated as special areas prone to degradation under the Queensland legislation to which you were referring earlier?

Mr Kitchell—No, I do not believe they have. They certainly have not been in toto, and I am not aware that there have been any individual components of it.

Senator WONG—Is the Commonwealth engaging in any action to try and facilitate that occurring?

Mr Beale—With the National Action Plan and the Natural Heritage Trust it is necessary to develop an integrated catchment management strategy. Part of that is assessing and examining these areas of, for example, salinity proneness and proneness to degradation of other sources, and then to respond to that. To the extent that we are, through the NAP and the NHT, actively working with and supporting Queensland to do the studies that are necessary to do this and to engage with the communities, yes we are encouraging it. But it has to be based on good science and working it through with the local regional planning apparatus.

Mr Kitchell—One of the objectives of the regional vegetation management plans is to identify these special areas, whether they be special areas for biodiversity conservation or for land degradation purposes.

Senator WONG—Why would the Commonwealth not include in any agreement with Queensland some agreement as to the regulation of clearing of regrowth in areas which impacted upon reef water quality in the reef catchment areas, given that I think on your evidence, Mr Kitchell, it is entirely within the purview of the Queensland government?

Mr Kitchell—There might be some answers that our colleagues from the marine and water division could give in relation to the memorandum of understanding that has been entered into and the reef water quality plan that is being developed at the moment.

Senator WONG—I appreciate that, but where I am going is this: there are no limitations on regrowth under the current proposed land clearing agreement with Queensland—correct? Surely, one of the issues that is of importance—and as you said, Mr Beale, of national importance—is reef water quality. Why would that not be an issue to which the land clearing agreement referred?

Mr Beale—Can we clarify that to this extent—that is, in relation to leasehold land, already Queensland has obligations to prevent clearing of ‘of concern’ communities. In relation to its obligations under the NAP and the NHT, it has requirements to avoid clearing in land that is prone to degradation or which will affect salinity and water quality. In addition to that, there is discussion with Queensland—and I am not sure how far it has gone—on the protection of wetlands.

Senator WONG—I understand that. All I am suggesting is: wouldn’t it be consistent with those requirements? I am very conscious that we only have a short time left. Senator Bartlett is here, but there are a few more areas I need to go through very quickly. I will try to be brief and I hope that everyone else can be too. Why wouldn’t the Commonwealth, consistent with the programs that you have just outlined, include something in the land-clearing agreement with Queensland that goes to the issue of reef catchment areas?

Mr Beale—Mr Chairman, we are beginning to stray from the areas of asking questions about what is not important and what is, and we are getting into questions of what ought to be. Questions of ‘should’ and ‘ought’ are typically matters of policy judgment, which I do not think officials can appropriately advise committees on.

CHAIR—I did allow the question because I thought that it was an important environmental issue that Senator Wong was pursuing. However, I think that, as we have discussed it for some time now, perhaps Senator Wong could direct her questions somewhere else.

Senator WONG—I am just making the point that there is a significant amount of Commonwealth money which is being proposed by this, and I think taxpayers are entitled to expect that there are reasonable outcomes associated with it. Mr Kitchell and Mr Beale themselves agreed that these are important issues, but I am happy to move on.

Senator Troeth—I think you can make that point, but you cannot ask the officials to comment.

Senator WONG—Perhaps you can comment, Senator Troeth. Do you, representing the minister, not think it is appropriate that the land-clearing agreement also go to the issue of protecting reef catchment areas?

Senator Troeth—Possibly, but I would sooner refer that to Dr Kemp.

Senator WONG—Perhaps you could.

Senator BARTLETT—I have been listening closely in my office to the questions on land clearing, but I may have missed one or two, so if I ask something that has already been

answered then you can tell me. I really want to nail down a few aspects of the nature of the agreement. Firstly, there have already been newspaper reports—which one cannot believe completely, necessarily—that the federal government is on the verge of backing out of its tree-clearing agreement, I suppose following a backlash by outraged National Party members, according to a report that I think was in *Queensland Country Life*. Can I get a reassurance that that is definitely not the case?

Mr Beale—I think that what we can make quite clear is that the proposal has been developed by Queensland and worked on by the Commonwealth and Queensland officials in recent weeks. It meets the Commonwealth government's objectives of a substantial reduction in the clearing of remnant vegetation and greenhouse gas emissions and the additional protection of the biodiversity of ecosystems. The Commonwealth has indicated that it is willing to consider alternatives to the proposal that achieve the Commonwealth objectives in an 'assured, timely and cost-effective manner'. I quote the minister, who said:

We understand the strong interest in this proposal from a range of groups and we intend, with Queensland, to hold consultations with other industry groups, conservation groups, regional bodies, local government and the finance sector as soon as possible ...

I do not think I can go beyond that. I am not personally directly involved in these negotiations and neither is Mr Kitchell—and, even if we were, it is not right for us to speculate about government intentions. This is the record, and I am not aware of anything that has changed in that regard.

Senator BARTLETT—So, if you were to consider any alternative proposals to the one that has been agreed or proposed by the Queensland government, they would still achieve the Commonwealth's objectives—that is, they would produce the same outcome?

Mr Beale—I could just read again the—

Senator BARTLETT—You do not have to read it again. I am just wondering if it is going to produce the same outcome. I am happy to have different alternatives as long as they are not going to produce a poorer outcome.

Mr Beale—The Commonwealth said:

... it is willing to consider alternatives to the proposal that achieve the Commonwealth's objectives in an assured, timely and cost effective manner—

and we indicated the objectives.

Senator BARTLETT—The objectives were presumably also met in the proposal that was originally put forward by the Queensland government.

Mr Beale—As the minister said, it meets the Commonwealth government's objectives.

Senator BARTLETT—I just want to clarify quickly—and, again, some of this may have been covered—that the proposed immediate ban from the state level on clearing of 'of concern' vegetation applies to freehold and leasehold land?

Mr Beale—It is a ban on the issue of new permits. Is that right, Mr Kitchell?

Mr Kitchell—It is a ban on the issue of all new permits, including permits of 'of concern'.

Senator BARTLETT—On freehold and on leasehold?

Mr Kitchell—Yes.

Senator BARTLETT—Is the transitional cap of half a million hectares an annual limit?

Mr Kitchell—No, it is a total limit.

Senator BARTLETT—Does that include permits that have already been issued or permits that are in the pipeline?

Mr Kitchell—No, it does not include permits already issued.

Senator BARTLETT—But it does include those that are in the pipeline.

Mr Kitchell—It could include permits that are in the pipeline, yes.

Senator BARTLETT—Is there any prospect of remnant vegetation in urban areas being put into the mix?

Mr Kitchell—Into the 500,000 that might be the phase-down? Is that what you mean?

Senator BARTLETT—Either that or in terms of the eventual outcome of protection on clearing.

Mr Kitchell—The protection on clearing that we are looking for is a protection of remnant vegetation across the board. There would be, I would imagine, the possibility of permits being issued for remnant vegetation—not for ‘of concern’ vegetation—in urban areas as part of what is at the moment proposed as a 500,000 hectare phase-down.

Mr Beale—As I have indicated, because I thought we had done land clearing yesterday, unfortunately our key experts are in Brisbane. I do not want to go too far into the details with those of us who are left. Mr Kitchell only got off a plane from London two days ago, so he has not been totally engaged in recent times either. I am sorry about that, but I thought we had dealt with the issue.

Senator BARTLETT—No land clearing in London?

Mr Kitchell—I did not see any oak trees coming down while I was there.

Senator BARTLETT—Finally, I understand that native grasslands are not part of the agreement at the moment. Is there any plan to look at better protection from clearing for native grasslands?

Mr Kitchell—That is a detail that we would rather not get to, if you do not mind.

Senator BARTLETT—Senator Troeth, are you nodding ‘yes’ or are you nodding ‘yes, we would rather not get into it’?

Senator Troeth—I was nodding that I suspect that is a question of detail which other people may more appropriately be able to deal with.

Senator BARTLETT—Perhaps that question could be put on notice. I think grasslands are fairly significant—for more than just greenhouse aspects, of course—and they seem to be absent at the moment.

Senator GREIG—I have a general question. I am not quite sure where proceedings are at this morning—I have been watching on the internal telly—but I had representations in my electorate office some months ago from constituents in Western Australia who were very keen

about exploring the prospect of planting saltbush as a way of addressing both salinity and carbon sinks. Is this a policy area that the department does and can look at? Is it practical? I listened to these guys and they were enthusiastic, but I do not know how realistic their prospects were.

Mr Beale—I will give you an answer but I will also ask if we can take the question on notice. My recollection is that the Australian Greenhouse Office, which was before the committee yesterday, did support a scheme for what I think might have been oil mallee rather than saltbush but it was certainly a scheme in Western Australia for alley farming in the wheat belt with the planting of crops to try to drive down the watertable. But in that case I think there were proposals for extraction of essential oils and then the use of biomass for electricity generation. Max, are you aware of anything that we have done specifically on saltbush?

Mr Kitchell—There is no question that saltbush will grow where other plants will not, that it will provide grazing opportunities in salt affected land where other forms of fodder crops will not grow. To that extent it is a good use of saline land and does drive down the watertable. It is a deep-rooted perennial with high evapotranspiration and therefore does have an impact on salinity. I have no comment on its ability to sequester carbon. It certainly would be able to do that, but I am not sure that it falls within the Kyoto compliant vegetation.

Mr Beale—To be Kyoto compliant vegetation it has to be more than two metres tall with a minimum of 20 per cent crown cover. I am not sure whether either the mallee or saltbush would ever qualify.

Mr Kitchell—Mallee would but saltbush would not.

CHAIR—That is the problem with the Kyoto protocol, isn't it?

Senator WONG—Is that an estimates question?

Senator GREIG—Can saltbush be grazed on sheep and cattle?

Mr Kitchell—Yes, it can.

Senator GREIG—Even though the plant itself does not meet the criteria for Kyoto vegetation types, because it certainly does not grow beyond two metres, does the fact that it could be planted in vast areas and cover huge amounts of ground not account for anything?

Mr Beale—Again we are going to issues that are more properly for the AGO, but under the Kyoto protocol there are two ways in which changes in carbon stocks in the natural environment can be assessed. One is with respect to forests and land use change. There, I have described the definition and it excludes saltbush—unless there are some saltbushes that are bigger than the ones I have seen. The other is if Australia were to decide to include all vegetation. But if you do that there are very considerable uncertainties because you then have to take into account the effect of bushfires, droughts and El Nino events. We have just not been able to do the work to determine whether or not that would be a practical option for Australia. It is likely not to be because of the high level of variability in our climate systems.

Having said that, from a salinity point of view saltbush can be effective. We are engaging in a number of, I suppose, trials in the area of salinity management, through the NAP and support for revegetation programs. But, sadly, so far the Western Australia government has

not been able to agree to sign a bilateral with the Commonwealth on the national action plan, so Commonwealth funds certainly could not flow under that scheme for these purposes.

Senator GREIG—What reason has the Western Australian government given for not signing off?

Mr Beale—Primarily I think it is an unpreparedness to match the Commonwealth's expenditure, but again we are moving into an area for which my colleague in Agriculture is the responsible secretary.

Senator GREIG—Perhaps you would like to take this on notice: is it fifty-fifty funding?

Mr Beale—We are asking for matching fifty-fifty funding—new money.

Senator GREIG—And what is the Commonwealth putting up?

Mr Beale—Some \$158 million over the period of the national action plan.

Senator GREIG—Which is what?

Mr Kitchell—There are another five years left. I have an answer to a question that Senator Wong asked earlier. She asked me for the dates on which the annual reports for the NHT had previously been lodged. For the last two reports the dates were 16 April and 28 May respectively. We hope to have this annual report for this most recent year lodged shortly, which will not be greatly different to those previous years.

Senator GREIG—I refer to the \$150 million funding that we were talking about. What is the full title so that I can pursue it with the state government?

Mr Beale—The full title is the National Action Plan for Salinity and Water Quality.

Senator WONG—I feel dreadfully sorry for your Marine and Water Division; I had quite a number of questions for them but I am going to have to skip them because I want to deal with some ozone depletion issues. I apologise to those officers. It is only because it is 10.30 and we have only half an hour more.

CHAIR—Would you like to put them on notice?

Senator WONG—I intend to put them on notice, but I would like to move to some ozone depletion issues. I want to ask some questions regarding the Commonwealth's approach to methyl bromide. I understand that it is a major ozone depletant and it is one of the substances subject to the Montreal protocol. Is that right?

Mr Burnett—That is right.

Senator WONG—Is it the case that there is a technical committee at the Commonwealth level which assesses whether there should be any critical use exemptions?

Mr Burnett—Yes, we have a process at the Commonwealth level, Senator, but it is mainly to call for applications for exemption and to put them forward to an international technical committee under the Montreal protocol.

Senator WONG—And who is on the Australian committee?

Mr Burnett—I am afraid I do not have that detail, Senator.

Senator WONG—Is EA represented?

Mr Burnett—Our department works with the Department of Agriculture, Fisheries and Forestry in taking in those applications and putting them forward to the international process, but I cannot give you the names of the people who are involved. I will have to take that on notice.

Senator WONG—Let us make it clear what we are asking for. Is there a formal committee process as between EA and AFFA for the purpose of identifying these applications?

Mr Burnett—I will have to take that on notice; I am relatively new to this area.

Senator WONG—Is there anyone here who could answer?

Mr Glyde—The person who could answer was not available today. We would have to take it on notice.

Mr Burnett—We have a process but I am not able to give you the exact details of how that is managed.

Senator WONG—Perhaps I should go back to Marine and Water. Could you provide on notice the details of the structure of the committee or whatever body it is that assesses these applications for exemption for use and where those personnel come from.

Mr Beale—Yes. At the end of the day, as you indicated, the decision to approve or reject the Australian applications is not up to the government; it is an international decision for the parties of the Montreal protocol. You are focusing on which of these applications the Australian government supports.

Senator WONG—Correct. That is an issue too, isn't it? Presumably there is a vetting process at the Australian government level, is there not?

Mr Beale—Yes.

Senator WONG—We do not just chuck everything through to the international committee if they ask for it.

Mr Beale—No. I just wanted to be clear. Are you asking about the international committee or the Australian process?

Senator WONG—The Australian process. I assume there is a process of vetting. Is that right, Mr Burnett?

Mr Burnett—That is right. There is a process, but whether it is a formal committee or simply our officers working with the applicants and providing them with information and comment, I am not able to say.

Mr Beale—We are able to say that the use of this substance has dropped by 70 per cent since 1995. That is quite important too.

Senator WONG—To the best of your knowledge, is it a joint decision between AFFA and EA, or is AFFA the primary department with responsibility for this?

Mr Burnett—I know that we work closely with AFFA, but I am not able to say precisely how the applications are processed.

Senator WONG—I am interested in not only who is on the committee but also the process for determining which exemptions go. Is that communicated by the environment minister or by AFFA?

Mr Burnett—It would be transmitted by us because the environment minister is the minister who administers the responsibilities for the Montreal protocol that are transmitted by our department through to the Montreal protocol secretariat.

Senator WONG—So, Mr Beale, it is your recommendation that then goes to the protocol secretary for the purpose of transmitting the Australian government's position on any application for exemption—is that right?

Mr Burnett—I do not think the Australian government necessarily takes a position. It is more a matter of working through the applications for exemption and making sure that they are in proper order and transmitting them but, again, I will get the detail for you.

Senator WONG—Could you also clarify what principles apply. Does EA do an assessment of each application to determine whether it comes within the critical use exemption?

Mr Beale—I have been involved in the policy process but not the detail.

Senator WONG—I am happy for you to take that on notice, Mr Beale. Could you take this on notice: does EA assess the applications for the purposes of determining whether EA is of the view it fits within the criteria of the critical use exemption as set out in the protocol? I understood, from what Mr Burnett said, that the minister responsible for putting forward the name is the environment minister, so one would assume there must be some process within EA to assess whether or not an exemption application is appropriate. I would like to know if there is a process and what that process is.

Mr Beale—We will take that on notice.

Senator WONG—Thank you. Isn't it the case that methylbromide is a significant ozone-depleting substance—it is a major ozone depleter?

Mr Burnett—Yes.

Senator WONG—Is it also the case that industry was so concerned about the impact of methylbromide that there was a levy placed to fund research into MB alternatives?

Mr Burnett—I believe that is correct. I do not have the details with me but, yes, I think that is correct.

Mr Glyde—In addition to the individual applications, there is also the issue of the industry being able to demonstrate that it has looked to see whether or not there are alternatives. I think that relates to industry funding both that research and development, and also investigating other alternatives from overseas.

Senator WONG—In this budget, is there any funding for research into MB alternatives?

Mr Burnett—I do not think so. There is ongoing funding for the ozone function, but no new initiative in relation to research.

Senator WONG—Does the ongoing funding for the ozone function currently involve any research into MB alternatives?

Mr Burnett—I would have to take that on notice but I do not believe that we are funding any research at present. There has been some research done in the past.

Senator WONG—Is that right, Mr Glyde?

Mr Glyde—I would have to check whether or not we have funded R&D in the past. My suspicion is that it would only have been done through the R&D levy. I do not think EA has funded any research but I would have to confirm that.

Senator Troeth—From the agricultural perspective, I think that some research money has been put aside by Horticulture Australia Ltd, but I would need to check that, and I think that some of the state departments of agriculture may well be conducting limited research. Again, we can check that.

Senator WONG—I was anxious to stay within the environment portfolio.

Senator Troeth—I do realise that, but I am just giving you the benefit of the broader perspective.

Senator WONG—Thank you. Mr Glyde, you are the chief financial officer, are you not?

Mr Glyde—That is correct.

Senator WONG—To your knowledge, is there any current funding in the environment portfolio for methylbromide alternative research?

Mr Glyde—Not to my knowledge, but I would have to confirm that.

Senator WONG—How long do you think it would take you to do that?

Mr Glyde—We have just rung back to the department to get the relevant officer to come here, but I will probably have to take that on notice.

Senator WONG—What is the government doing to find alternatives for methylbromide?

Mr Beale—We have been pushing on this issue for many years. I can recall writing to my colleagues in the department of agriculture pointing out—

Senator Troeth—It has been six years.

Mr Beale—exactly, Minister—the impending concerns and asking them to make sure that the various R&D corporations and horticultural groups were addressing them.

Senator Troeth—Senator, I agree with your willingness to stay within the EA portfolio but I would not want you to think that no government money is going towards this. In my time as parliamentary secretary, which is now six years, methylbromide has been an ongoing issue, and the search for alternatives has also been going on in that time.

Mr Glyde—If you look at the experience we have had in relation to other ozone depleting substances, such as halon, we find that as the date gets nearer alternative methods will be found for it. But in some cases you just cannot find alternatives. In the case of halon, which is a fire suppressant, it has not yet been possible to find alternatives to its use in aircraft, ships et cetera. I think it is acknowledged that in relation to quite a few of the ozone depleting substances you do your best to try to find alternatives. But where you cannot find alternatives there is the exemption process, which is really where we started this line of questioning.

Senator WONG—Has EA been involved in any discussions, either departmental or interdepartmental, analysing or considering what level of funding would be required to fund meaningful research into alternatives to methylbromide?

Mr Burnett—I can only say what I said before. I understand that there has been some funding of research in the past. I do not believe the environment portfolio is funding any such research at the moment. There is ongoing research in the industry and possibly through AFFA, but we would need to check with those authorities.

Senator WONG—I am not asking about existing funding; I am asking whether you have participated in any scoping exercises that look at what sort of money would be needed to fund meaningful research.

Mr Burnett—Not in recent times, as far as am aware. The key driver from our point of view is that under the Montreal protocol Australia will have to phase out non-quarantine uses of methylbromide by 1 January 2005. The primary obligation will be on industry to meet that deadline.

Senator WONG—Mr Beale, you said earlier that you had raised the issue of methylbromide with your colleagues at AFFA some six years ago. Do you think the department shares your concerns on the urgency of phasing out methylbromide?

Mr Beale—I think they understand the Montreal protocol implications—that is, except for quarantine and critical use exemptions, they will have to phase out the use of methylbromide by 2005. I would imagine that they would have understood the priority. As I said, I can personally recall writing to the secretaries of the department to draw it to their attention. There could have been on a couple of occasions, but at least initially it might have been quite a few years ago, as the senator indicated.

Senator WONG—Just to clarify the questions on notice, is it the case that AFFA has an involvement in determining which applications for exemptions are forwarded to the international committee?

Mr Burnett—As I said before, we work closely with AFFA, but I will have to take on notice the exact nature of the decision making process and who the people involved are.

Senator WONG—Can we move on now to halon. Mr Beale, on the flow chart that you provided at the beginning of the hearing, there is a reference to half a million dollars in revenue from Halon Bank fees and US sale. Where does that appear in the budget papers?

Mr Beale—That is in column D in the ‘Revenue from other sources’ table on page 12 of the PBS. It is listed as an aggregate. In that break-up I have given you. It is part of the \$19.1 million under ‘Revenue from other sources’. It is further included on page 47 under ‘Atmosphere revenue from other sources’. It clearly includes more than that, but it is included amongst that.

Senator WONG—Is there actually any reference in the portfolio budget statement to the sale worth half a million dollars of the Halon Bank, other than as part of an aggregate figure, without identifying the source of the funds?

Mr Beale—I will have to check, but the sale is not new. This is a sale of halon, not of the Halon Bank. It is the sale of halon for fire suppression services compliant with—

Senator WONG—Can we come to my question. Is there anywhere in the budget papers which actually identifies the source of that revenue, that half a million dollars?

Mr Glyde—There is nothing else other than what Mr Beale has already drawn attention to. It is within an aggregate figure, which is quite common with all our figures; it is a very top level summary of where we are at.

Senator WONG—Isn't it the case that the Halon Bank was intended to house ozone depleting substances collected as part of our obligations under the protocol?

Mr Glyde—That is correct. As I mentioned before, because we cannot find alternative uses for aircraft and shipping applications, we are obliged to maintain what is called a 'strategic reserve' for a period of 30 years, until 2030, so the Commonwealth has a strategic reserve of halon. When Qantas, for example, uses its fire suppression system, we can replenish its particular aircraft.

Senator WONG—Mr Burnett has just been handed something. I am wondering whether it relates to this or to the earlier questions.

Mr Burnett—To the earlier questions.

Mr Beale—In relation to this, the sale to the US of halon for essential purposes—for fire suppression in aircraft and ships—was a decision made I think in 1998, or 1999-2000 Mr Glyde tells me. It certainly was not a secret; it has been well discussed and described.

Senator WONG—Yes. In fact the government did come under some criticism for the sale on the last occasion.

Mr Beale—Some people criticised it.

Senator WONG—Yes.

Mr Beale—But other people said that it was a very good thing.

Senator WONG—There was some criticism from certain groups about the sale.

Mr Beale—Yes, but it is in accordance with the protocol.

Senator WONG—Does that have any bearing on the fact that, frankly, it is indiscernible in the budget papers?

Mr Beale—No, not at all. It is just such a small item, and that is why I drew it to the committee's attention. This revenue from other sources comes from a number of areas. One of those is the ongoing funds that flow from the US as a draw-down for halon that they agreed as part of that original decision.

Senator WONG—I think your evidence earlier, Mr Beale, was that sales commenced in 1998—is that right?

Mr Beale—I said I thought it was 1998, but Mr Glyde tells me I am getting old and forgetful, that it could have been a year later than that.

Senator WONG—Could you advise on notice as to the revenue source from halon sales for the past four financial years and give a reference to where that is identified in the budget papers for each of those years?

Mr Beale—Yes. It is not just to the US, by the way.

Senator WONG—I am saying generally. Can you tell me how much halon is being sold to the United States this financial year?

Mr Glyde—There will be no halon sold to the United States this financial year. The money you see reflected here I suspect will be the management fee which the US Department of Defense pays to us for storing the halon in Australia. We sell halon all the time to Qantas and others—shipping companies and things like that—and this line which Mr Beale has reflected in the handout that he provided at the start of the estimates hearing is reflecting all of the revenue for our Halon Bank operations.

Senator WONG—Who else do you sell halon to? Is there a long list of customers?

Mr Glyde—Yes, we sell regularly to a long list of customers—as we mentioned before, all of the exempted uses where we have not been able to phase it out—to Qantas, to overseas ships et cetera. It is the idea of having a strategic reserve.

Mr Beale—The notion is that no more halon is produced but you have to purify it and then manage the stockpile of halon that can be provided for these emergency services where, if it is aircraft or ships, there are no other fire suppression techniques available.

Senator WONG—Over what period was halon collected?

Mr Glyde—It has been collected since about—I would have to check on the date—the mid-nineties, when the legal bans first came in. People were obliged to surrender halon to the Commonwealth. We collected that halon and we developed a strategic reserve because we knew that we would not be able to get rid of it.

Mr Beale—We destroy some, then we purify—

Mr Glyde—Correct.

Mr Beale—the other components and store it for these critical, lifesaving uses for which there is yet no alternative.

Senator WONG—Mr Beale, who is the relevant officer who knows these figures? I did indicate that this area would be the subject of discussion today and I would like some facts and figures on it.

Mr Beale—Yes. It is just that this is such a small part of the environment quality division. I did not realise you would be focusing on ozone particularly.

Mr Glyde—Also, the person who had been leading this section for some time recently left to take up an international position in this area. That is why we did not have someone available.

Senator WONG—Okay. These are the questions. You tell me which of them you can answer. I would like to know: for what period of time was halon collected, what was the total amount of halon collected, how much of the stock has been destroyed and how much has been sold?

Mr Glyde—We are more than happy to answer those questions. We will have to do that on notice. There are several different types of halon.

Senator WONG—Halon 1310 is the one I am interested in.

Mr Glyde—Yes. 1310 is the one we sold to the US. There is 1211; there is a whole bunch of different types of halon. They have different destruction rates and different periods of collection, so I will have to take that on notice.

Senator WONG—Are you also able to tell me the total value of Australia's halon stocks on the world market at current rates?

Mr Glyde—We will be able to, but I cannot tell you that now.

Senator WONG—Are there still significant amounts of halon gas stocks within the community?

Mr Glyde—Not of 1211 or 1301. We are still running collection programs, mainly through the fire services, for people who for some reason have not noticed that five or six years ago they were meant to surrender them. But we are finding that our return from these annual programs is less and less—it is a very small amount.

Senator WONG—Isn't it the case that industry surrendered the gas on the understanding it would be destroyed?

Mr Glyde—That is in relation to 1211. There was always the notion, in fact the whole idea was that for the halon for which we could not find alternative uses you would always be surrendering it with a view to maintaining and building a strategic stockpile for use over the next 30 years—the Montreal period.

Senator WONG—Do we sell any 1211?

Mr Glyde—No, as far as I am aware we do not sell 1211. The majority of the 1211 has been destroyed, as far as I am aware.

Senator WONG—You are suggesting other forms of halon were not surrendered by industry with the understanding they were to be destroyed?

Mr Glyde—No. I am just saying that some forms of halon were surrendered on the understanding that they would be destroyed; others were surrendered on the understanding that they would have to be protected and conserved. The whole idea was to limit the new production—

Mr Beale—Much of the halon came from government sources as well.

Mr Glyde—Correct.

Senator WONG—Could you identify—this is on notice, obviously—in relation to the different forms of halon which you say there was an indication that the stock would be destroyed and which you say was subject to the proviso that you have outlined, Mr Glyde?

Mr Beale—My recollection is that there were no legal undertakings at all in relation to maintenance or use or reprovision or sale and that these were issues that were all examined very carefully.

Mr Glyde—I was just going to add, Senator Wong, that we have been through this—probably two or three years ago—in full detail in the estimates committee with Senator Bolkus, and at some length as well. We are happy to provide updated figures because we have provided this sort of information in the past.

Senator WONG—I am interested not just in what a lawyer might consider to be legal undertakings but what was actually communicated to industry—

Mr Beale—I cannot possibly explain what people's mind-sets or expectations might have been.

Senator WONG—If I can finish the question, Mr Beale—what was communicated to industry as the basis of the surrender of the gas. Obviously you cannot see into people's minds, but surely we can identify what was communicated to industry.

Mr Glyde—Yes.

Senator WONG—Have there been any claims for compensation from industries who surrendered halon stocks—

Mr Glyde—No.

Senator WONG—in circumstances where those have now been on-sold to the US?

Mr Glyde—Not to my knowledge. I stopped being the head of that area about six months ago, but not to my knowledge in that time. I will go back and confirm that if you like.

Senator WONG—Mr Burnett cannot help us on this?

Mr Burnett—No. I have a little bit of information from a previous question.

Senator WONG—Are all the halon stocks in the bank owned by the Commonwealth?

Mr Glyde—Other than the stocks that we have sold to the US?

Senator WONG—I think I have asked you already to identify the amounts of sale and so forth.

Mr Glyde—The Halon Bank at Tottenham in Melbourne also stores, on behalf of the refrigeration industry, CFCs, which are also ozone depleters. We are not involved in that side. In terms of the Commonwealth's ownership, we own the halon that is there.

Senator WONG—Is the United States researching alternatives to halon?

Mr Glyde—I would imagine so, but I do not know. The whole idea of the Montreal protocol and the bans is to try and encourage the finding of alternatives. So I would be surprised if there was not research going on right around the world in relation to this.

Senator WONG—But does the department not have any concern that by making halon available in this way you are participating in delaying its phase-out and the development of alternatives?

Mr Beale—This is a matter that has been gone through estimates and estimates ago—as I said, I cannot recall whether it was 1998, 1999 or 2000.

CHAIR—This is Senator Wong's first estimates.

Mr Beale—The essence of this was that we were attempting to avoid the production of new halon.

Senator WONG—I appreciate that, but we are a long way down the track now. If it were five years ago that would be different. One is wondering when the alternative is going to arrive.

CHAIR—Senator Wong, can I please hear what Mr Beale has to say?

Mr Beale—We have reached a decision which was one that could be reached properly and in accordance with the protocol. As we are one of the few countries that has collected, purified and maintained a stock of halon for emergency purposes and as we had some in excess to our estimates of Australia's emergency requirements, avoiding the production of new halon was quite an important contribution to the international environment.

Senator WONG—In February 2000 the then minister for the environment announced a regional strategy for halon collection. Is the department or the government currently collecting halons from the Asia-Pacific region?

Mr Glyde—No.

Senator WONG—Have you ever done so?

Mr Glyde—The operators of the Halon Bank at that time was a company called DASCEM. As the former minister announced, they were investigating the potential for the use of halon banking facilities, which are a world first, to see whether it was commercially viable to act as a centre for the destruction of halons, CFCs, et cetera. There were, and there have been over the last few years, some trial use of the facility for that purpose. They have destroyed halons from New Zealand and some from other south-east Asian countries but it has not become a regional centre for the destruction or storage of halon.

Senator WONG—Was any actually collected?

Mr Glyde—Some was collected but it was in the nature of trial shipments so it did not become ongoing.

Senator WONG—Was any of that on sold?

Mr Glyde—I do not think so.

Mr Beale—Was it part of the Commonwealth's?

Mr Glyde—No, it was not part of ours so it would not be something we owned to be sold.

Senator Troeth—Senator Wong, Mr Burnett has an answer of sorts on the methylbromide question.

Senator WONG—Yes, I was going to come back to that.

Senator Troeth—We have about three minutes. I need to go at 11 o'clock.

Senator WONG—We can proceed without the parliamentary secretary.

Senator Troeth—No, we will not.

Senator WONG—Just very briefly, Mr Glyde, was there any claim for compensation from any industry that had surrendered any halon stock which was then subject to on selling?

Mr Glyde—Not to my knowledge, but I would have to go back and check the record.

Senator WONG—And you will do so? Mr Burnett, you had an answer.

Mr Burnett—This is a partial answer to your earlier question. I am able to tell you that there is a technical committee of experts for Australia. The members are Dr Ian Porter, of the Victorian Department of Primary Industries; Dr Johnathan Banks, a former CSIRO officer;

and Mr Dan Ryan, from Horticulture Australia Ltd. We will provide further details about that committee and its processes, but that is what I have been able to get in the time available. I am also able to say that part of my previous answer was incorrect. It turns out that Environment Australia does fund research through the fees that we receive under the ozone program. Again, we will provide details of that in our response on notice.

Senator WONG—Just to clarify, there is no EA officer on that committee?

Mr Burnett—No, we are involved with working with the applicants and providing them with advice and comment and so on but we are not, according to my advice, on this committee.

Senator WONG—Why is it that, if the minister is a transmitting minister, there would be no involvement by EA in that process or on the committee?

Mr Beale—I am not sure how or why this committee was structured. I cannot answer that.

Mr Glyde—I will be able to provide an answer in our response on notice in terms of the overall process, as you have already asked.

Senator WONG—Thank you for your assistance today.

CHAIR—Thank you. This completes the Environment, Communication, Information Technology and the Arts Legislation Committee's hearings for the 2003-04 budget estimates on the Environment and Heritage portfolio. I thank the parliamentary secretary and Mr Beale and his officers for their attendance. I thank my colleagues and the Hansard officers.

Committee adjourned at 11.00 a.m.